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Changes in Customs Tariffs in CEFTA Countries

AU2208132795 Bratislava SME in Slovak 19 Aug 95 p 2

[Article by "jam": "CEFTA Countries Will Have Uniform Tariffs for Sugar, Eggs, Starch, and Barley as of 1996"]

[FBIS Translated Text] Bratislava—The ministers of agriculture of the Central European Free Trade Association [CEFTA] countries and Slovenia agreed on Tuesday [15 August] to abolish customs tariffs for about half of the agricultural commodities in mutual trade. Other food products and agricultural raw materials were placed by the ministers into a second category, in which uniform customs tariffs will be applied that will be approximately 50-percent lower than the lowest existing tariffs. The third category is made up of food products, for which the ministers were unable to find common customs tariffs. Starting in 1996, the Slovak Republic will be trading within the framework of CEFTA duty-free in coffee, cocoa, tea, rice, and some spices. This category also includes saltwater fish, such as tuna and mackerel, lamb and rabbit meat, and citrus fruit. Until now, all of these commodities have been subject to relatively low tariffs in all CEFTA countries (Slovakia, Hungary, Poland, and the Czech Republic) because most of them have to be imported by all of these countries. However, the category of duty-free commodities also includes sunflower and rape seeds, for which the Slovak Republic has been collecting relatively high tariffs of 10-60 percent. The zero customs tariff will also be introduced for the import of mineral water. "The most important changes concern commodities in the second category, where we have succeeded in determining common tariffs for some until recently fairly disputed types of goods. The Czech Republic and Slovakia have had substantially lower tariffs for these commodities than Hungary and Poland, which will ease our farmers' access to the Polish and Hungarian markets," Czech Minister of Agriculture Josef Lux said immediately after the talks. This category comprises, for example, poultry, which will be subject to an import tariff of 28 percent. The uniform import tariff for sugar should be 38 percent (importers in the Slovak Republic have until now had to pay 68 percent and in Poland and Hungary over 100 percent), for starch 14 percent, and for barley 18 percent. So far, the ministers of agriculture have not reached agreement on most staple foods—beef and pork, milk, cheese, fruit and vegetables, alcoholic and nonalcoholic beverages, wheat, and corn. According to Jan Poci, director of the Ministry of Agriculture Trade Department, the most problematic talks on these commodities were with Hungary. Asked by SME which food products are "sensitive" for Slovakia, Jan Poci replied: "Nonalcoholic beverages, ice cream and dairy creams, beer, and other food products that would jeopardize domestic manufacturers."

Kostov Views Budget Implementation, New Taxes

AU2308105495 Sofia PARI in Bulgarian 21 Aug 95 p 5

[Interview with Finance Minister Dimitur Kostov by Lyudmila Videnova; place and date not given; "Bulgaria's Economy Is About To Start Functioning"]

[FBIS Translated Excerpt] [Videnova] Mr. Kostov, is the National Budget Bill to be updated?

[Kostov] I think that for the time being there is no need for this, but I have a certain concern regarding expenditure related to the interest rate. I am afraid that the 86.3 billion leva [Lv] we planned will not be enough. It was envisaged on the basis of an average annual interest rate of 51 percent. The total expenditure for interest in the first six months of 1995 amounted to Lv57.3 billion. Some Lv46 billion was related to the internal debt and Lv11 billion to the foreign debt.

The other problem related to the budget is that, because of the lower inflation and the corresponding lower prices, the budget organizations really have greater advantages as regards expenditure than originally envisaged. What I mean is that they can observe the nominal figures envisaged by the bill, yet purchase more with the same amount. Now that there is a possibility to save, it would be appropriate to cut expenditures. This is a very serious problem that the national budget administration will face until the end of the year.

[Videnova] The budget deficit is so big that it almost reached its ceiling. Is this only because of the interest rate?

[Kostov] This budget deficit is justified to a certain extent by seasonal factors. Usually the budget revenue during the first six months of the year is 41 percent. Most of the revenue is received during the second half of the year. The expenditures are also subject to seasonal factors, first of all because of payments related to the interest on the debts. Actually, we already paid the interest on our foreign debt. The interest on the internal debt also affected the budget because the basic interest rate during the first half of the year was very high. [passage omitted]

[Videnova] It appears that the good export conditions have improved the country's trade balance. Has this tendency been reflected in your ministry's data?

[Kostov] Yes, the trade balance is positive. During the first three months of 1994, the level of export amounted to 719 million [currency not specified]. In the period January-March 1995, export amounted to 889 million. Simultaneously, import is decreasing. In January-March 1994, it amounted to 820 million, while, during the same period in 1995, it reached only 762 million. The improvement is obvious. [passage omitted]

[Videnova] The only remaining question is: Is Bulgaria's economy functioning?

[Kostov] Bulgaria's economy is about to start functioning.

[Videnova] What taxes can the taxpayers expect in 1996?

[Kostov] I can hardly please them with optimistic forecasts about decreasing the taxes. Indeed, taxes are not very high. Against the background of the GNP, they represent 38 percent of the budget revenue, while expenditures are 44 percent of the GNP. Everything depends on the economy and the macrostabilization of the budget because, in the final analysis, the budget deficit will be translated into future taxes. If the deficit is high, tomorrow the taxes will also be high.

Kozloduy's 5th Reactor Switched Off for Overhaul

AU2308084395 Sofia Khorizont Radio Network in Bulgarian 0800 GMT 23 Aug 95

[FBIS Translated Text] The fifth reactor of the Kozloduy Nuclear Power Plant was disconnected from the country's power grid at 0130 for a planned annual overhaul and refueling with nuclear fuel.

The fifth reactor was switched off in accordance with the production timetable of the Kozloduy Nuclear Power Plant.

According to the plan, the reactor will be restarted on 1 December 1995.

Klaus on Issues With Germany, 1968 Anniversary

LD2208180695 Prague Radiozurnal Radio Network in Czech 1615 GMT 22 Aug 95

[Regular weekly interview with Czech Prime Minister Vaclav Klaus by Lucie Weissova—live or recorded]

[FBIS Translated Excerpt] [Weissova] Prime minister, let us return to the events of a week ago, when you met Bavarian Prime Minister Edmund Stoiber. The meeting has met with considerable response, as well as criticism. More often than not, one can hear voices saying that the federal chancellor, rather than the land government prime minister, should be partner to the Czech premier. You yourself have always said that the controversial Czech-German question can only be solved at the level of the two countries' governments.

[Klaus] There is no contradiction between these two matters. We have an absolutely standard dialogue with the individual land governments in Germany, and I can say that during the last month, there certainly have been meetings between Bavarian and Czech ministers of trade, environment, interior, transport, and economy, and everybody considers it a completely normal matter. I see it as ill-intentioned to assess my meeting with Bavarian Prime Minister Stoiber in this way.

[Weissova] There are two things that are considered open by either side: compensation for our Nazi victims and the claims of the Sudeten Germans. If we surrender the claim for compensation—after all, our government has already partially corrected this as a humanitarian gesture—would our bargaining position not be much better? I have even had a phone call from a listener who had been in a Nazi concentration camp and who suggested this, saying that the victims do not want to be hostages of the German government during talks.

[Klaus] I agree with this view more than 100 percent [as heard]. I would never allow any parallels being drawn between these two matters. Compensation for our victims of German concentration camps is a matter that has absolutely no connection with it and I say that no parallel is being drawn between these two things in Czech-German talks. At least on our side. On the contrary, if this signal is given by the other side, it is always fundamentally and resolutely rejected by us. We are using the term "junktim" [a package when two agreements dependent on one another are signed]. We must never go in for junktim or connect these two things. For me this is the beginning and the end of all my actions. [passage omitted]

[Weissova] And now the last question: Prime minister, 27 years passed, yesterday, since the occupation of Czechoslovakia by the Warsaw Pact troops. Czech radio had a poll about what 21 August tells people and whether it should be remembered. Let us continue the poll and ask you.

[Klaus] [words indistinct] there are constant appeals to celebrate 21 August in some way. There is also criticism of the government coalition, that it is not holding public demonstrations, meetings, manifestations, meetings on Wenceslas Square or somewhere else, and that all the space is left to marginal groups to organize something like that. The 21 August date is not a date for big celebrations. It is a date that is, for us, extremely unfortunate. It is a certain memento. I think we all experience it that way. It is apparent with the passage of time that a number of things are becoming clear in our heads, and the number of those who saw an exceptional action in the Prague Spring is falling. I think we can fit it in history better. It is one of the anniversaries of which we are not very proud of.

[Weissova] Thank you for the interview.

Klaus on Mortgages, Inflation, German Relations

AU2208132995 Prague LIDOVE NOVINY in Czech 18 Aug 95 p 3

["Regular" interview with Czech Prime Minister Vaclav Klaus by Eva Martinkova in Prague on 17 August: "Mortgages Are Not a Breakthrough on the Housing Market"]

[FBIS Translated Text] In the topical interview with Prime Minister Vaclav Klaus, we discuss mortgages, inflation, and Czech-German talks.

[Martinkova] In your opinion, how will the existence of mortgages reflect on the housing market?

[Klaus] That is a rather ambitious question. Our housing market, or the housing supply and demand, consists of many factors, and mortgages are just one of the components of this market. I am very depressed by the general expectations of an absolute breakthrough from the word mortgage. There is no breakthrough in it. It is just one of the issues, just like the home ownership savings plan. We have difficulties in estimating the number of mortgage credit applicants in one, two, or ten years. I would expect some 10,000 applicants annually. It is not little but it is not a panacea. It is just befitting the role of mortgages.

[Martinkova] Would you agree that the joy over the zero inflation in July may be a premature delight over a seasonal phenomenon?

[Klaus] I would not say that anyone delights in it. We carefully follow inflation month by month, and the zero result for July is very favorable. We are glad for it.

Of course, there is a certain seasonal effect, and it is true that July usually is not a month of high inflation. Nevertheless, last year, the rate of inflation was higher, and therefore by this year's July inflation we have reduced the annual average. It all is within the limits of our expectations and forecast.

[Martinkova] After the meeting with Bavarian Minister President Stoiber, you said that Czech-German talks should not turn into a prestige issue for individual politicians or institutions. How does this correspond to the alleged fact that the foreign minister was not informed about your meeting?

[Klaus] Minister Zieleniec was well aware of the meeting with Stoiber. We have even met in a session that lasted several hours that was in a way a preparation for this meeting.

[Martinkova] How do you feel about the criticism that by meeting with the Bavarian minister president you are transferring the talks from the floor of the Bonn government to the floor closer to the demands of the Sudeten Germans?

[Klaus] That seems to me an absurd criticism and just as absurd discussion. We need to lead the dialogue with Germany. It has been very intensive in the past years, and in the last eighteen months it cooled off somewhat. This was caused by the complex election year in Germany. The election results were not as convincing as some German politicians would have wished. Therefore, it was necessary to attempt this dialogue at various levels. I have gone through an entire series of talks with the foremost German politicians. And they were not only the Bonn ones. I met with the land minister president, who is concurrently the mayor of Hamburg; the Saxony minister president; recently with the Baden-Wuerttemberg minister president; and now with the Bavarian minister president. I consider it absolutely correct, just like my recent meeting with German President Herzog or SPD [Social Democratic Party of Germany] Chairman Scharping. It is a part of our in a certain sense aggressive policy toward the important German neighbor.

New Party Reportedly Formed by 'Party Putsch'

AU2208194495 Prague DENNI TELEGRAF in Czech 21 Aug 95 p 2

[Article by "(dra)": "The VRS Was Apparently Established by Means of a 'Party Putsch'"]

[FBIS Translated Text] Prague—The new Patriotic Republican Party (VRS) led by Republican Deputy Bohuslav Kuba was established last weekend out of Sladek's republican dissidents and the Party of National Democratic Unity (SNDJ) by means of a party putsch. This information was given to TELEGRAF by Pavel Vesely, the "SNDJ's former chairman."

The SNDJ's original intention—to abolish the party and transfer with its members to the Club of Nonaligned Activists [KAN]—was reversed last weekend by a group from this party's leadership without the knowledge of Chairman Vesely and several other members of the SNDJ Presidium. Vesely considers this method to be illegitimate. Changing the party and the transfer of its membership base—the SNDJ apparently had more than 600 regular members—were supposed to have been discussed at an extraordinary congress. According to Deputy Kuba, his new party will shortly have more than 10,000 members, mainly from among the former ranks of the Association for the Republic-Republican Party of Czechoslovakia, and will apparently constitute a strong right-wing republican party. KAN Chairman Emil Dejmek, whose party concluded a partnership agreement this year with the Christian Democratic Party—or, rather, with the Civic Democratic Party—on a future merger, expressed profound astonishment at the SNDJ's conduct. KAN was supposed to have merged definitively with the SNDJ in September when all of the contentious issues involved in the "transfer" were to have been resolved. "If these negotiations between the republicans and the SNDJ are confirmed, the Club of Nonaligned Activists will break off all agreements and dealings with the SNDJ," added Dejmek.

First-Quarter Foreign Trade Figures Published

95CH0285E Prague HOSPODARSKE NOVIMY in Czech 7 Jun 95 p 7

[Article provided by Czech Statistical Office, Price and Foreign Statistics Department: "Foreign Trade in the First Quarter"]

[FBIS Translated Text] In the first quarter the changes continued in the territorial structure of the foreign trade of the Czech Republic [CR], and the structure of imports and exports changed according to individual groups of goods. The share of imports of industrial goods, machinery and modes of transportation increased and the share of imports of mineral fuels, lubricants and related materials decreased. In exports the most important change was the increase of the share of exports of industrial goods and the decline of the share of exports of various finished goods and raw materials exclusive of fuels and raw materials for the food industry.

The total foreign trade turnover in the first quarter increased over the same period of last year by 18.2 percent, of which imports grew by 35.3 percent and exports by 3 percent. The total value of imports reached 120.3 billion korunas [Kc], which was Kc31.2 billion higher than in the first quarter of 1994, and the total value of exports was Kc102 billion, which was Kc2.9 billion more. The period ended with a trade deficit of Kc18.3 billion. As far as individual months were concerned, in January the trade deficit was Kc3.6 billion; in February, Kc5.9 billion; and in March, Kc8.8 billion.

From the territorial point of view, the share of countries with a developed market economy in the total foreign trade turnover was 63 percent (EU countries 55.9 percent, EFTA [European Free Trade Association] member countries 2.2 percent), countries with a transforming economy 31 percent (Slovak Republic 14.7 percent), developing countries 5.3 percent, and countries with a system of state-managed trade 0.7 percent. Compared to the same period of last year, the fastest growth of imports was from Singapore, Egypt, France, Slovenia, Malaysia, and China. In contrast, imports from Canada, South Africa, Turkey, and Hungary declined. Exports to Poland, Brazil, Ukraine, Slovenia, South Africa, and France increased the most. Exports to Turkey, Japan, Hong Kong, Great Britain, Taiwan, and China declined significantly.

Imports from countries with a developed market economy grew by 41.3 percent, in comparison with last year; and exports to those countries by 4.9 percent. There was a trade deficit of Kc14.9 billion—of that: Kc10.1 billion with EU countries and Kc1.1 billion with EFTA member countries. The most important trading partner of these countries was the FRG, with 28.8 percent of the total Czech foreign trade turnover, followed by Austria (6.7 percent) and Italy (4.9 percent). Imports from OECD countries in the first quarter amounted to Kc77.6 billion, and in comparison with the same period of last year grew by 41.1 percent; exports amounted to Kc62.4 billion, increasing by 3 percent. There was a trade deficit of Kc15.1 billion.

Imports from countries with a transforming economy grew by 24.7 percent and exports by 10.3 percent. There was a trade deficit of Kc2.6 billion. The biggest trading partner was Russia with a share of 6.7 percent of the total foreign trade turnover, followed by Poland (3.8 percent) and Hungary (1.6 percent). Exports from the CR to these countries consisted mostly of industrial goods (28 percent of total exports) and machinery and modes of transportation (25 percent).

In trade with the Slovak Republic, the value of imports reached Kc15.7 billion in the first quarter (Kc2.4 more than in the same period of last year); and the value of exports, Kc17 billion. Imports increased by 17.8 percent and exports stayed roughly at the level of the first quarter of 1994. There was a trade surplus of Kc1.3 billion. Industrial goods, machinery and modes of transportation predominated in the mutual trade.

Imports from developing countries grew by 25.3 percent; exports declined to 66.9 percent of the level of the first quarter of 1944, ending with a moderate trade deficit. Machinery and modes of transportation made up 35 percent of imports; food commodities and live cattle 28 percent. Export consisted of 47 percent industrial goods and 36 percent of machinery and modes of transportation.

In trade with countries with a system of state-managed trade (the DPRK, Laos, China, Cuba, Vietnam, Mongolia) there was an insignificant trade deficit of Kc0.5 billion. The volume of imports was 70.1 percent larger than in the first quarter of 1994, but exports declined to 67.7 percent of the volume of exports in the same period of last year. This was the result of the still greater decline in the value of exports to China.

As far as the structure of imports according to types of merchandise is concerned, in the first quarter the share of imported industrial goods increased by 1.7 points—to 17.6 percent of the total imports over the same period last year—and of machinery and modes of transportation by 1.3 points, to 33.4 percent. Imports of mineral fuels, lubricants and related materials declined by 1.5 points to 10.5 percent, and of various finished goods by 1.2 point, to 10.6 percent. During the first quarter of 1995, 1.7 million tons of crude oil were imported (1.6 million tons in the same period of last year), as well as 1.9 billion cubic meters of natural gas. In the first quarter of 1995 the value of imports of all types of goods increased compared to the same period of last year. The increase in industrial goods was 50 percent; in machinery and modes of transportation more than 40 percent.

The structure of exports according to types of merchandise in the first quarter of 1995 as compared to the same period of last year was characterized by an increase of the share of exports of industrial goods by 4.6 points, to 33.5 percent of total exports. The share of machinery and modes of transportation remained at the level of 24.7 percent. In contrast, the share of exports of various finished goods declined by 2.9 points, to 11.8 percent, and and raw materials for the food industry by 2 points, to 6.9 percent.

Kovac Reiterates Determination Not To Step Down

AU2208133395 Bratislava SME in Slovak 21 Aug 95 p 1

[TASR report: "No Pressure Will Force the President To Resign"]

[FBIS Translated Text] Bratislava—The main contribution of my visit to the United States was, in my opinion, that it served to enhance mutual trust and understanding between Slovakia and the United States, said President Michal Kovac in an interview for TASR. He stated that his transatlantic visit enabled him to present Slovakia and its course of construction to the Americans and he also used it to meet compatriots in Chicago and Pasadena-Los Angeles, where no Slovak constitutional representative had been before. When he returned home, he was surprised that the government had sent a note to the United States on the basis of incomplete reports.

"Incidentally, in the United States, I did not learn anything new. Other representatives and deputies, from both the opposition and the coalition, have brought similar reports from this country before me. It seems to me that this was a cautionary attempt to exert pressure on me not to tell the truth about meetings with our friends if they contain criticism of our policy. It would be bad if reports concerning our society were concealed from the public and were intended only for the authorities," said the president.

The president's conviction that the pressure on him to resign will not be increased stems from the outcome of his meeting with V. Meciar on 27 July. "I still feel bound by this commitment and I believe that the same applies to the prime minister. Moreover, whom and what would the contrary serve? Various pressures and appeals will not force me to step down. I see my obligation to remain in office on a completely different level than it appears to those who want me to resign. I believe that it is essential and preferable to expend energy on finding enough strength for cooperation, easing tension, moving away from confrontation, and gradually introducing dialogue into political life."

KDH Expects Meciar To Resign If Kovac Stays

AU2208131895 Bratislava PRAVDA in Slovak 19 Aug 95 p 2

[Article by "ao": "President or Prime Minister?"]

[FBIS Translated Text] Bratislava—The Christian Democratic Movement [KDH] Presidium stated in its meeting yesterday that indications are mounting that Vladimir Meciar, Movement for a Democratic Slovakia [HZDS] chairman, intends to step up attacks on the president and in the fall to raise the question "the president or Meciar?" and call on the head of state to resign. Should Michal Kovac not step down, Vladimir Meciar will tender his resignation as prime minister. At the same time, he intends to blame the president of the Republic and the opposition for his resignation and to portray himself once again as a victim of ill-wishers who do not let him govern. The fact is, however, that the present government coalition as a whole won the elections, commands a comfortable majority in the parliament, and must therefore bear government responsibility. Should Vladimir Meciar really tender his resignation, the KDH will uphold the view that Michal Kovac should not accept it.

Association Critical of Kovac's U.S. Remarks

LD2208144095 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 22 Aug 95

[Interview with Jan Luptak, ZRS chairman and parliament deputy chairman, by Jarmila Tosecka; place and date not given—recorded]

[FBIS Translated Excerpt] *At the forthcoming parliamentary session in September, deputies will deal with the economic bills returned to them for a new debate by the president. In this connection, the opposition is stepping up its pressure on the coalition, calling on the coalition to reassess its attitude to privatization. Many remarks are being addressed to the Association of Workers of Slovakia [ZRS] which, allegedly, has forgotten its original aims: to speak out especially on behalf of workers. Jarmila Tosecka reminded Jan Luptak, chairman of the ZRS deputy chairman of the parliament, about one particular objection.*

[Tosecka] [Passage omitted] On the whole, the opposition is quite dissatisfied with the government's privatization steps and blames the ZRS in particular for deviating from its originally stated program objectives. Do you agree that the ZRS made certain concessions and, in some respect, withdrew from its original program?

[Luptak] There were no concessions. We and our association are pressing for employees' participation in privatization. Wherever such participation has been achieved, employees are clearly satisfied. We gave our support to these employees and we insist on employees' shares. [passage omitted]

I do not claim that everything is OK and perfect. However, in all places where our party gets involved, employees get shares. On the contrary, we encourage employees to take even more shares but many of them decline to do so. I am personally very sorry about that.

[Passage omitted]

[Tosecka] It is expected that at the September session of the National Council of the Slovak Republic, President Michal Kovac will present a report on the state of society. Do you think that, in view of the reactions to the recent visit by the president to the United States, it is likely that the parliament will again take a vote of confidence in the president? If voting takes place, what attitude will be taken by the ZRS deputies?

[Luptak] We have clearly expressed our attitude already. On behalf of the ZRS we gave the president a vote of no-confidence. I was very offended by the president's words uttered in the United States and broadcast in Radiozurnal to the effect that we should listen to those who are more experienced and wiser. I feel personally offended when somebody humiliates his or her own nation. In the United States, the [Slovak] president humiliated his people. Do we lack capable people? Do we have to learn somewhere else and listen to someone else again just the way we had been listening to Russia for 40 years? Do we now have to listen to America for 40 years? I will not let anybody do this to my nation, nor let the president speak in this way. [passage omitted]

Meciar Calls Kovac 'Opposition's Ideologue'

AU2208181995 Bratislava SLOVENSKA REPUBLIKA in Slovak 21 Aug 95 pp 1-2

[Article by Eva Zelenayova: "Michal Kovac Has Not Fulfilled His Obligations to the Movement"]

[FBIS Translated Text] Zlate Moravce—Based on their failure to fulfill their membership obligations, the Movement for a Democratic Slovakia [HZDS] Municipal District Board in Bratislava IV decided unanimously on 15 August not to renew the membership in the movement of Michal Kovac, his wife, and their two sons. It was said at the HZDS Republican Board session held in Zlate Moravce on Saturday [19 August] under the chairmanship of V. Meciar that the HZDS has thus parted company completely with Michal Kovac.

Several topical issues were raised at a press briefing during the session. With regard to the statements made by the bishop of Banska Bystrica in connection with the police action [searching the Banska Bystrica bishopric on 17 July in connection with the alleged sale and forgery of works of art], HZDS Deputy Chairman A.M. Huska said that the HZDS is interested in ensuring that church bodies return to an impartial position, which, however, is not associated only with this incident. The HZDS Republican Board's decision on the Party of the Democratic Left's [SDL] offer to discuss privatization was also awaited. The Republican Board agreed to a meeting, but only if it involves talks between the entire coalition (that is, including the Slovak National Party [SNS] and the Slovak Farmers' Party) and the SDL and, of course, if not only privatization issues are discussed.

The President—The Opposition's Ideologue

The report on the domestic political situation delivered by Meciar also assessed Kovac's conduct as president. According to Meciar, the Slovak president is biased and sides with the opposition, and is the opposition's ideologue and cocreator of public opinion against the government. He clearly exceeds the authority given to him by the Constitution. Meciar also expressed his dissatisfaction that the opposition is constantly creating a poor image of the HZDS's coalition partners. It depicts the SNS as a fascist and nationalist party and the Association of Workers of Slovakia as neocommunists, which substantially affects the reputation of the National Council of the Slovak Republic. He stated in his assessment of certain political entities that the Christian Democratic Movement [KDH] is heading for destruction and that the SDL is two-faced: It comes across as accommodating, but is still inclined toward the KDH.

According to Meciar, the Democratic Union has a chance to resolve its status politically, which means apologizing to the citizens of the Slovak Republic. In connection with the activities of church representatives, he said that, although the state has returned church property, it is becoming apparent that there is a lack of protection for works of art. This is also confirmed by works of art disappearing abroad. We cannot be indulgent with regard to this, he said.

Agriculture Is Making Progress

Minister P. Baco addressed the HZDS Republican Board on the fulfillment of the government's policy statement and the concept for up to the year 2005 in the agriculture sector. He said that last year food prices had risen by 19 percent, but that we have been recording a positive trend since Christmas—a fall in prices of 1.4 percent. He also said that we are at present producing 5.0 percent more milk than we are consuming domestically and are producing more meat of all kinds than we are consuming. It is the same with cereals. The department's objective is for Slovakia to achieve at least 90-percent self-sufficiency in foodstuffs.

In connection with developments within the HZDS, it was said that despite the continuing positive trend in negotiating with political entities, a higher degree of openness is essential. After the elections, the HZDS set itself the task of stabilizing society to the benefit of the citizens and the state, and to achieve this aim, it will be necessary to eradicate the elements that distort normal democratic development and lead to open disrespect not only for people but also for the institutions and laws.

Official Views Policy Setbacks, U.S. Note

AU2208183595 Bratislava PRAVDA in Slovak 19 Aug 95 pp 1, 11

[Interview with Jozef Sestak, state secretary at the Ministry of Foreign Affairs, by Julius Loerincz; place and date not given: "The Balance Sheet Is Positive, but There Are Things That Trouble Us"]

[FBIS Translated Excerpt] Earlier this week, the Slovak Government discussed the accomplishment of foreign policy tasks in the first half of 1995. We asked Jozef Sestak, state secretary at the Ministry of Foreign Affairs, to reply to some questions regarding our diplomacy. At the outset, he characterized foreign policy activities over the first six months of the year.

[Sestak] Without trying to advertise the balance sheet, I would like to say that it is good and positive because our foreign policy has been active and dynamic. This evaluation is backed by tangible results, by the quantity and quality of steps. [passage omitted]

[Loerincz] You speak about positive results but obviously everything is not that simple. Let me therefore ask wherein you see the problems of Slovak diplomacy.

[Sestak] [passage omitted] Well, to speak also about what troubles us.... At the multilateral platform, regarding succession to the former Czechoslovakia, the international community owes us the recognition of our membership of the UN Conference on Disarmament in Geneva. The Slovak and Czech Republics agreed that we would become, in this institution, the successor state to Czechoslovakia, one of the founding members of the Conference. This has not happened to date, however, owing to a group of developing countries that unfortunately associate our legitimate membership with the possible admission of certain problematic states.

[Loerincz] Are there any other examples of your dissatisfaction with foreign policy results to date?

[Sestak] Yes, in bilateral relations. This concerns, for example, relations with the Czech Republic, with which there are outstanding property-related issues and certain problems regarding the payment agreement and the customs union. All this requires some time and preparation, however, and I would like to assure you that we are working on it. The development of our relations with Canada has also stagnated, to a certain extent, and we are not satisfied with the fact that Great Britain is Slovakia's 11th largest trading partner. We believe that opportunities exist for it to be higher in the ranking....

[Loerincz] You have mentioned the treaty with Hungary, which Budapest has already ratified. How do you view the problem arising from the fact that the leaders of the Slovak National Party, one of the members of the government coalition, openly declare that they will not support the treaty's ratification in parliament?

[Sestak] I am deeply convinced that the treaty will be ratified by a significant number of votes that will come not only from the government coalition but also from opposition deputies. Why? This is a strategically extremely important matter and all deputies who attach importance to Slovakia's being perceived as a stable state and partner will vote for the treaty. As regards the specific feature that you mentioned, I do not have the right to assess the approaches of individual political parties, but the dialogue on the treaty within and outside the government coalition has not ended. I expect that, in connection with the ratification process, the minister and I personally, as well as our experts, will be in very intensive contact with all parliamentary political parties. [passage omitted]

[Loerincz] Regarding our integration into European structures and the North Atlantic alliance, doubts keep cropping up about our aptitude, whether we like it or not. Given this fact, what does Slovakia have to do, in your opinion, to become an acceptable partner?

[Sestak] Look, what is involved is a process that will be neither simple nor short. Compared with the other post-communist countries undergoing transformation to the system of multiparty democracy and free market, Slovakia is not trailing behind in any way. In many areas, we have nothing to be ashamed of. Our macroeconomic results, for example, have been clearly acknowledged. From what do certain doubts arise? From a certain domestic political fermentation, which is making itself felt most in the parliament. This is precisely what I keep telling the doubters: Things are taking place on parliamentary soil. Nothing is happening that would depart from this.... I will exaggerate a bit: We do not have a guerrilla war in the mountains and there are no conflicts here such those with the IRA or the Basques.

Yes, we do have a tough and sometimes merciless political struggle, which is vented and projected abroad in a way of which I disapprove, as a representative of our diplomacy—that is, as someone who looks after favorable external conditions for the prosperity of our state. I dare say that conflicts exist in every family. But as soon as family members leave their apartment, they should demonstrate unity. We are lacking in culture in this regard.

What does Slovakia have to do to eliminate doubts about it? It must complete the fermentation, in my opinion. It must become ripe. It must deepen democracy and raise its quality. When you remember that the last improvement of the U.S Constitution was made 100 years ago—which means that the United States took 100 years to deepen its Constitution and democracy—in that case Slovakia perhaps also has the right to some time. No, we do not want 100 years. It seems to me, however, that the optics through which we are being viewed from the outside is too strict on us, that everything is being judged using criteria of advanced democracies that underwent a lengthy historical process.

[Loerincz] Do you think that it really was necessary to address a note to the relevant U.S. quarters after the radio interview in which the president of the Slovak Republic communicated what he had been told by some advisers to the U.S. Administration?

[Sestak] Such a step is in no way unusual. The note need not be understood as some negative instrument with a pejorative connotation, or some kind of an aggressive step. It is simply a form of communication. We did not do anything negative by addressing to the U.S. State Department the polite question whether the United States has reassessed its attitude toward the Slovak Republic. As a matter of fact, the reply that we have received from the United States fully confirms this.

[Loerincz] According to our information, the reply corresponds in its nature with the U.S. communique from Vice President Al Gore's talks with Slovak President Michal Kovac.

[Sestak] We have agreed not to quote, publish, or specify the note's contents. I can only say that the note is substantially broader in nature. It is a note that is positive in relation to Slovakia. The United States assesses in it the progress achieved by the Slovak Republic to date in building democracy and in transformation, on the understanding that this is a process that is continuing. It confirms its readiness to cooperate with all democratically elected representatives of Slovakia, in the interest of the positive targets that we set ourselves during the Republic's founding: achieving democracy and a market economy and becoming fully integrated into European and transatlantic structures. [passage omitted]

HZDS Confirms Members' Involvement in VTV

AU2208132895 Bratislava SME in Slovak 21 Aug 95 p 2

[Interview with HZDS Deputy Chairman Arpad Matejka by Peter Toth; place and date not given: "HZDS Members Are Co-Owners of the VTV Private Television Channel"]

[FBIS Translated Text] A report appeared in the press recently that V. Poor, a member of the Political Board of the Movement for a Democratic Slovakia [HZDS], and K. Kabat, chairman of the HZDS District Council in Trnava, are co-owners of the private television channel VTV.

[Toth] Can you confirm this report?

[Matejka] Yes, they are its co-owners. They have a certain financial stake in VTV. I do not think that this is a crime; it is normal.

[Toth] What kind of influence does the HZDS have on VTV?

[Matejka] None. The terms only included the entry of capital and not the entry of political pressure. VTV addresses all of the political entities. Our political—it could be said—enemies even appear there. This is proof that, despite the certain involvement of capital belonging to our members, VTV is independent. One of our—and their—conditions is that it presents its programs in a decent and objective manner.

[Toth] Can you also guarantee VTV's impartiality during the election campaign?

[Matejka] The law on the election campaign applies to all entities. I think we are strong enough not to need to appear on VTV. Our work will represent us.

Reactor Shut Down After 'Level 0' Incident

AU2208192195 Bratislava PRAVDA in Slovak 19 Aug 95 p 1

[Report by "TASR, ms": "Breakdown Entailed No Danger; Information on Breakdown in Nuclear Power Plant Appeared Only After 24 Hours"]

[FBIS Translated Text] Jaslovske Bohunice—Shortly before noon on 18 August, TASR issued a report stating that on Thursday, 17 August, shortly before noon, the first unit of the V-1 nuclear power plant at Jaslovske Bohunice was taken out of operation as a consequence of deterioration of the chemical regime of secondary circuit water [zhorsenie chemickeho rezimu vody sekundarneho okruhu].

As the head of the international and public relations department of the Jaslovske Bohunice nuclear power plant, Dobroslav Dobak, informed the news agency, a commission made up of representatives of the operator and state supervisory bodies was still analyzing the situation on Thursday. The incident has been tentatively ranked as level 0 on the International Nuclear Events Scale (INES), which means an incident without safety significance.

Following an adjustment of the chemical regime, the unit was again put into operation and connected to the power grid last night.

What struck us was that it took the representatives of the nuclear power plant almost 24 hours to report the breakdown and the shutdown of the unit. Dobroslav Dobak told us that an internal information-processing system is currently being built in the nuclear power plant—a system that does not yet operate well. The current holiday period is also partly to blame for the delay. When asked by PRAVDA whether the public would be informed so belatedly also in the event of a more dangerous operational incident, Dobroslav Dobak replied no. According to Dobak, a crisis staff is being convened in such cases and information is being mediated through other channels.

Government Announces Privatization Principles

95CH0280F Bratislava HOSPODARSKE NOVINY in Slovak 7 Jun 95 p 7

[Government announcement of principles governing the participation of employees in the privatization of enterprises]

[FBIS Translated Text] *The Program Declaration of the Government of the Slovak Republic proclaims the creation of ownership structures in which an important share is to be held by domestic businessmen and employees of privatized enterprises. This will increase the degree of material incentives for employees in the economic results of the enterprise, will act to eliminate pressure to increase wages, and will stabilize the circle of shareholders. This goal can be achieved through one of the most effective methods of involving employees in the process of privatization: stock corporations established by employees.*

A. Possibilities and Conditions for Asserting Employee Participation in Enterprise Privatization

The goal of involving employees in the privatization of their own enterprise can be achieved as follows:

—by selling the enterprise or part of it to a commercial corporation established by the employees of the enterprise

—by selling employee shares.

a) Sale of an enterprise or part of it to a commercial corporation established by the employees of the enterprise can, in practice, be realized in two ways:

—by selling the enterprise to a stock corporation established by employees of the enterprise

—by selling the enterprise to another commercial corporation established by the employees of the enterprise (for example, to a corporation having limited liability).

An employee commercial corporation is a corporation established by the employees of an enterprise with the goal of purchasing the privatized enterprise or its portions. Its legal form is a stock corporation. In essence, this involves the direct sale to previously identified interests—that is to say, to employees who, through their purchase, establish a commercial corporation and acquire the privatized property on credit provided by the monetary institution which they pay off out of the proceeds of the corporation.

They break down the basic capitalization of the corporation into shares of which the nominal value, method of acquisition, and distribution are laid down in the corporate statutes. Through a suitable distribution of the number of shares among top management, middle management, and rank-and-file workers, it is necessary to solve the problem of directing the corporation in such a way as to prevent the dispersion of decisionmaking authority among a broad circle of shareholders. As is the case with other methods of privatization, the Ministry for the Administration and Privatization of National Property of the Slovak Republic will also evaluate the proposal to privatize in the event that state property is sold to a stock corporation established by employees of the enterprise.

In its decisionmaking process, the ministry will also focus on, among other things, evaluating whether this form is suitable with regard to the requirements for restructuring and the resulting impact on reducing the number of employees—or whether the corporation has adequate prerequisites for flexible management with respect to the number of shares distributed among management and rank-and-file employees, the purchase price, payments conditions, and other conditions.

This method is suitable for use in privatizing an enterprise that has a significant volume of property and a significant number of employees who, in view of their numbers, are capable of using their own monetary deposits to create the basic capitalization for the corporation at the level specified by law (1 million Slovak korunas [Sk]).

Selling the enterprise to another commercial corporation other than a stock corporation can be utilized in cases in which the employees of the privatized enterprise employing a smaller number of workers (up to 50) set up, for example, a corporation with limited liability and subsequently, as an employee commercial corporation, apply to buy the enterprise in which they are employed.

b) Sale of employee shares

Employee shares are a special type of registered shares that act as a special instrument to document the material interests the employees of the stock corporation have in the economic results of the enterprise. Their special status consists of the fact that to differentiate them from other types of shares, special regulations mainly govern their issuance, the manner in which they are paid for, their acquisition, and the manner in which they can be disposed of. The procedures in acquiring employee shares, their transfer to another person, or their possible return to the corporation are outlined in the statutes of the corporation. Their special characteristic also lies in the fact that the Commercial Code limits the circle of their acquirers. Such shares may be owned only by employees of the corporation or employees who have retired from the corporation. Another characteristic of employee shares is the restriction placed upon their tradability. The law only allows their transfer among employees and retirees of the corporation.

The fundamental advantage of employee shares lies in the fact that an employee or a retiree need generally not pay the full nominal value of the shares, but only a portion thereof. Consequently, the issuance of employee shares for which employees pay only part of the nominal value results in the basic capitalization of the corporation's being actually lower than stated by the unpaid portion. The share of employee shares in the basic capitalization of the corporation is not specified by law, but in the event that these shares enjoy an advantage as a result of employees' not being required to pay for parts of them, the overall value of the unpaid portion of employee shares is limited. The cumulative total of these portions of the nominal value applicable to all employee shares not subject to being paid for must not exceed 5 percent of the basic capitalization of the corporation.

In issuing employee shares, the basic capitalization of the corporation is always increased as a result of share issuance when the resources acquired on the basis of the sale of employee shares stay with the corporation that has issued them. The fact remains that in view of the nature of employee shares, the resources acquired by the corporation on the basis of this sale are generally lower than their nominal value would indicate.

B. The Method by Which Employees of the Enterprise Acquire Property

In all cases listed below as methods by which employees can apply to privatize the property of an enterprise in which they are employed, the basic condition is the establishment and development of a so-called employee commercial corporation that can acquire the privatized property of an enterprise.

a) Sale of a state enterprise

In the event an enterprise destined for privatization has not yet been transformed, and in the event employees of the enterprise show an interest in participating in the privatization of the property of the enterprise in which they are employed, they shall do so through the trade union organization or by another suitable method.

They shall submit their request to the founder of the state enterprise, who shall judge whether the form of involving employees in the privatization of the enterprise is suitable with a view to the economic situation of the enterprise, and whether sufficient prerequisites exist for the further development and activities of the corporation in question.

With the recommendation of the founder, the employees establish a commercial corporation that will strive to accomplish the sale of the enterprise (the establishment of commercial corporations is listed below).

b) Sale of part of the property or property share of the state on the basis of the suggestion presented to the ministry or to the founder

This is a method in which the privatization project has already been submitted to the ministry but in which the decision to privatize has not yet been made. The commercial corporation established by employees applies for direct sale of part of the property or property share of the state (securities) at a subsequent time. In this case, the Ministry for the Administration and Privatization of National Property in the Slovak Republic considers the delivered suggestion by inviting the commercial corporation established by the employees to complete the proposal by complying with additional modalities that are essential for the issuance of a decision regarding the direct sale (for example: an extract from the Commercial Register, a credit commitment statement or financial coverage of the first installment payment, a proposed purchase price, statutes of the commercial corporation).

c) Subsequent sale of the property share (securities) from the portfolio of the national property fund of the Slovak Republic (FNM SR)

In this case, the commercial corporation established by the employees of an enterprise applies to purchase the shares of a stock corporation that has already been established and was based on the original state enterprise, in which the FNM SR has a temporary property participation arrangement. The commercial corporation shall submit a proposal to the FNM SR to privatize this property share.

C. The Method by Which Ownership Is Developed by Employees of an Enterprise

In accordance with valid laws, employee ownership can arise outside of coupon privatization mainly in two ways: either by having the new owner of the enterprise sell to them (or assign to them) a certain share in the property through the form of securities, or by having the employees establish their own commercial corporation—which, as an equal entity, will participate in the privatization of the enterprise.

The first form has its difficulties, based primarily in the restricted opportunities for employees to share in decisionmaking and in any profits.

The situation is different if the employees become actively involved in the privatization of the enterprise itself (in other words, not in a passive manner as in the previous case). In this case, a suitable way is the establishment of a commercial corporation by the employees (the rank-and-file employees as well as management) for purposes of privatizing the entire enterprise or its portions.

Such corporations have many advantages, among which the following are beyond question:

—the fact that employees become coowners of their own enterprise, which under conditions of a market economy results in increasing their responsibility for its functioning and for its future prospects.

—the fact that in no event do the employees have any interest in speculating with the acquired property, because they are tied to the enterprise in terms of their existence as well. The same cannot always be said of other owners, where there is a risk that they will shut down the enterprise if the price is right, so as to create room for a competitor.

—the fact that employees who, for the most part, live in the vicinity of the enterprise or commute from the surrounding countryside also have an interest in the economic and social development of the microregion, or rather the region, something that cannot always be said of other owners.

—the fact that by providing the opportunity for involving employees in privatization, as a result of the development of employee coownership, the privatization process itself becomes more open; employees are able to verify for themselves that privatization is not a monopoly—even for a specifically chosen group of the population—and exerts a stabilizing influence upon society.

D. Commercial Corporations Established by Employees

With the goal of acquiring ownership of property through privatization, property which is actually a set of values created by employees of the enterprise, employees may establish a stock corporation or another form of commercial corporation on the basis of property shares. For example, they could establish a corporation with limited liability.

1. Procedure in Establishing Employee Stock Corporations

1) A corporation may be established by employees of an enterprise who publish a "Declaration of Intent To Establish an Employee Stock Corporation According to Section 164 and Subsequent Sections of the Commercial Code" by issuing stock certificates for the purposes of privatizing an enterprise or its portions.

This begins the preliminary round of issuing stock certificates, the objective of which is to determine the interest among employees in establishing a commercial corporation and the number of potential certificates to be issued to individual employees. On this basis, a determination can be made as to the amount of basic capitalization. For this purpose, the founders may also issue a "nonbinding application...," in which each potential stockholder declares his willingness to participate in the establishment of a stock corporation in a nonbinding manner.

It should be pointed out that the overall value of the basic capitalization must be at least Sk1 million. In the case of employee stock corporations, it is, for the most part, recommended that one stock certificate have a nominal value of at least Sk1,000, with the proviso that one employee should have the right to subscribe to a minimum of one stock certificate. Subscribers are obligated to pay for the stock certificates within the deadlines stipulated in the subscription list and are obligated to pay at least 30 percent of the value of the issued stock certificates at the latest by the time the constituent general assembly is to be held.

2) On the basis of the results achieved in the preliminary round, the founders conclude a "Founders' Agreement," which must contain, primarily, the commercial name, information on the headquarters and objective of the business undertaking, the amount of the proposed basic capitalization, the number and form of stock certificates and their nominal value, the subscribed deposits made by individual founders. If a stock corporation of employees is to be based on an invitation to subscribe to stock certificates, the founders' agreement must contain the time and place at which stock certificates may be

subscribed to, the procedure to be used in subscribing to stock certificates that exceed the proposed basic capitalization, the place and time limit for paying for the subscribed stock certificates, and their value, as well as the method for convening the constituent general assembly. A part and parcel of this agreement are the "Proposed Statutes of the Corporation."

3) The founders shall publish an "Invitation To Subscribe to Stock Certificates," which must contain all data listed in the founders' agreement, and the proposed statutes must be available for inspection at every subscription location. Those interested can demonstrate their decision to purchase stock certificates through a "Binding Application." Stock certificates are issued on the basis of an entry in the "Listing of Subscribers." The entry shall also list the number or type of stock certificate, the value of the deposit, and the information that the subscriber is obligated to pay at least 10 percent of the nominal value of the stock certificates subscribed to within the time limit listed in the invitation.

In the event a subscriber neglects this duty, the subscription shall be considered as being invalid.

4) The corporation is established at the constituent general assembly, which is convened by the founders—the employees. The constituent general assembly can be held only in the event stock certificates in the amount of the proposed basic capitalization have been issued and in the event that at least 30 percent of the nominal value of monetary deposits have been paid. Following the constituent general assembly, at which the principal decision has to do with establishing the corporation, the statutes are approved and organs of the corporation are elected. The stock corporation is registered in the Commercial Register at the appropriate court on the basis of the "Proposal for Recordation in the Commercial Register." The stock corporation comes into being on the day the entry is made in the Commercial Register.

5) A stock corporation created in this manner may participate in the privatization of its own enterprise. Toward this end, it is necessary to work out a special (competitive) privatization project according to instructions issued by the Ministry for the Administration and Privatization of National Property of the Slovak Republic and the founder (perhaps in the form in which it is already in existence and has been submitted to the founder), and submit the proposal for direct sale of the enterprise. The privatization project must primarily contain: the identification card of the project; information on the entrepreneurial intentions having to do with the production program, as well as its technological, capital, and personnel prerequisites; a timing plan for realization of the privatization project; a listing of the valuation of the privatized property; the proposed purchase price; the method of privatization to be used; payment conditions in the event property is to be purchased; and the position adopted by the trade unions, by the enterprise leadership, by the founder, etc. After working out the project, it is possible to submit the "Suggestions for Sale to the Founder" to the Ministry for the Administration and Privatization of National Property of the Slovak Republic or to the National Property Fund of the Slovak Republic.

At the same time, it is unavoidable that the financial coverage of the purchase of privatized property be secured. Financing of privatization is possible out of available financial resources or through a bank credit. And it is possible to suggest in the privatization project that the property of a privatized enterprise or any portion thereof be purchased by means of installment payments.

6) It is recommended that in establishing employee stock corporations the closest possible cooperation be effected involving the trade union organization, as well as the management of the enterprise, in which the latter should also participate in establishing the stock corporation. Management should be participating in the property owned by the stock corporation of employees to such an extent that it would have the opportunity to actively intervene in the process of decisionmaking regarding questions having to do with the development of the stock corporation.

2. A Corporation With Limited Liability

In justified cases, where the enterprise has a smaller volume of property and employs a smaller number of employees (up to 50) or where it is impossible to establish a stock corporation, the employees can, for purposes of privatizing an enterprise, also establish another form of commercial corporation, and do so in a manner identified in the Commercial Code.

Such a corporation is established through the vehicle of a corporate agreement the content of which is prescribed in Section 110 of the Commercial Code.

The value of basic capitalization of such a corporation must be at least Sk100,000, with the value of the deposit made by a partner being at least Sk20,000.

After coming into being, the corporation endeavors to buy the enterprise by applying the procedures listed in the preceding portions.

E. Criteria and Principles for Selecting the Type of Commercial Corporation Established by Employees Involved in a Direct Sale

The following criteria and principles are applicable in the process of deciding to privatize through the participation of employees in the privatized property involved:

1) The employees establish a so-called employee stock corporation or another form of commercial corporation. Establishment of a corporation that is not a stock corporation can be considered in cases where the enterprise has fewer than 50 employees and is incapable of creating basic capitalization required of a stock corporation in the amount of Sk1 million on the basis of deposits. This other type of corporation (for example, one with limited liability) will not be issuing employee shares even in the future. In other words, employee participation in the privatized property will be expressed by their property share according to the amount of the deposit involved in the basic capitalization of the corporation.

Following a positive decision regarding the privatization of the enterprise, the corporation shall make its first installment payment and will pay for additional portions of the purchase price according to the agreed-upon installment calendar out of its proceeds or through additional credits.

An employee stock corporation can issue employee shares in the future to raise its level of basic capitalization, and can issue employee shares to the extent to which capitalization is to be increased.

2) The basic condition involved in the process of establishing a corporation is the founders' duty to demonstrably make it possible for all employees of the enterprise to share in the deposit made to create the basic capitalization of the corporation and to, thus, acquire stock certificates (or a property share) in the corporation involving the privatized property. Fulfillment of this condition will be guaranteed by the trade union organization in a written position paper that must accompany the privatization project or the proposal to privatize in the form of an attachment. In its position paper, the trade union organization shall, at the same time, announce the number of employees of the entire work force who have become stockholders (cofounders) of the corporation.

3) A corporation that is cofounded by at least 51 percent of the employees of a privatized enterprise is considered to be a corporation established by its employees.

4) Every citizen who, at the time of the establishment of the corporation, is in a principal employment status with respect to the privatized enterprise is considered to be an employee of the enterprise.

5) In selecting applicants for purchasing an enterprise, priority can be assigned to the corporation established by the employees if the issuance of such a decision on privatization is recommended by the founder of the state enterprise and by the trade union organization. In his recommendation, the founder will mainly evaluate the suitability of this solution from the standpoint of current and future economic conditions in society and from the standpoint of the future prospective development of the corporation.

6) A corporation that is established by the management of an enterprise and a corporation whose cofounders are fewer than 50 percent of its employees is not considered to be a corporation established by the employees of an enterprise. Such a corporation has the same standing in the selection process as any other applicant to purchase a privatized enterprise.

Privatization Said Benefiting Meciar Supporters

95CH0280A Prague HOSPODARSKE NOVINY in Czech 8 Jun 95 p 4

[Commentary by Oldrich Zabojnik: "The Government Is Obviously Thinking of Itself"]

[FBIS Translated Text] After the breakup of the federation, the proponents of the federation criticized V. Meciar, saying that because he tried so hard to make Slovakia independent, it was up to him to also think about specific changes for Slovakia. These critics were not even able to sense that after the initial economic anchoring of the new state, Meciar would in the end actually work his way through to even some diverse images of reform. One of these ways is now to be the second round of coupon privatization in the Slovak Republic, in which the government wants to offer each participant five-year interest-bearing government bonds covered by the National Property Fund. Every bondholder who owns a bond worth 10,000 korunas is to have a number of opportunities for handling this bond in an entrepreneurial manner. He will be able to sell it immediately; he will be able to make a direct investment in that amount anywhere; he will be able to exchange it for securities, utilize it to increase his insurance coverage, etc.

Meciar and S. Kozlik defend this intention even by claiming that the original coupon privatization was actually only a game. It allegedly did not make it possible for equal conditions to exist for the financial results of its participants; it contributed to scattering property, to the obfuscation of its owners; and, according to them, it completely failed to produce the announced entrepreneurial initiatives among the population of whom, on the other hand, it "made passive entities." Together with this evaluation, the government continues to criticize the investment funds. The majority of these funds are said to have evaded any kind of control because of the state's failure to oversee their activities. This fact is reflected, for the most part, in the government's monitoring of the stock shares of investors in these funds. As is the custom in the Slovak Republic with respect to all serious steps, even in this case, one sees the efforts to argue on the basis of Czech experiences.

Meciar has stated that coupon privatization did not even fulfill expectations in the Czech Republic. In Bratislava, it is possible to encounter additional views that completely call into doubt the economic effectiveness of coupon privatization. For example, there is the view that coupon privatization was politically custom-tailored to the practical mentality of the Czechs, and was allegedly intended to provide a little sweetener for the difficult transition from one regime to another.

Prime Minister Meciar also mentioned that while the Czech Republic at first privatized at breakneck speed and is now attempting to restructure with problems, Slovakia is said to be successfully applying the reverse procedure. None of the official functionaries in Bratislava, however, will say a single word about the fact that as a result of the prepared changes in coupon privatization, the government is obviously thinking primarily of its own needs. It is seeking opportunities as to how to improve the position for the promised extensive public investments, for which there are no budgetary resources and to which the state bonds issued to citizens are expected to contribute. The government could more or less succeed in this move, because it is making it skillfully and is also playing on the Slovak mentality, which is heavily burdened by a traditional and far from overcome egalitarianism.

Opposition Sharply Critical

95CH0280B Prague HOSPODARSKE NOVINY in Czech 8 Jun 95 p 4

[Article by "cta, ci": "The Opposition Is Sharply Critical of the New Model of V. Meciar's Coupon Privatization"]

[FBIS Translated Text] Bratislava (cta, ci)—Yesterday, Slovak opposition parties came out with sharp criticism of the new model of coupon privatization announced by Prime Minister Vladimir Meciar on Tuesday evening's television program entitled "Press Club." "This is one of many dodges the government has undertaken not only with respect to its voters but also with respect to all citizens of the Slovak Republic," noted M. Dzurinda, deputy chairman of the Christian Democratic Movement (KDH). According to Dzurinda, the government is just spending the money of the citizenry collected for coupon booklets, and promising them, in return, paper that will not mature until after the mandate of the current government expires. According to Dzurinda, the new concept of privatization will not even anticipate coupon privatization at all.

According to L. Cernak, deputy chairman of the Democratic Union (DU), the new project for coupon privatization is not only economic but also political nonsense. As he stated: The government promises to issue bonds on an institution known for its great financial problems; does not have adequate liquidity; and there is no clarity as to the direction to be taken by the economy of the National Property Fund [FNM] of the Slovak Republic. "What the current government is promising its citizens is a great share in nothing, or rather a great share in a minus quantity," noted L. Cernak. In his view, the government is giving nothing to citizens in this way. It is merely returning to them that which it had taken. In this connection, Cernak mentioned the case of Russia, where a similar method of privatization ended up with the citizens' losing confidence in privatization.

According to the plan Meciar announced on Tuesday, every Slovak citizen who purchased a coupon booklet and thus joined in the second round of coupon privatization will receive only a bond from the National Property Fund at a nominal value of 10,000 Slovak korunas [Sk], in place of securities of enterprises.

In this connection, J. Sedovic, deputy chairman of the coalition SNS [Slovak National Party], yesterday added that the entire new plan will be introduced to the public after it is debated and approved within the Government of the Slovak Republic.

The resources that Slovak investment funds expended to acquire coupon booklets for purposes of the second round of privatization will obviously be transformed into a total commercial loss. This was noted yesterday by Jan Grof, director of the Czechoslovak Commercial Bank-sponsored investment corporation OB Invest. OB Invest is the founder and administrator of the Kvanto Investment Fund.

The Kvanto Fund will reportedly find itself in a bad situation after assertion of the new model—a situation that could lead to its liquidation. The Kvanto Fund is perhaps the fifth largest fund for the second wave of privatization. In a mighty advertising campaign, it acquired the investment booklets of 80,000-100,000 citizens. The funds are left with only the legally uncertain opportunity to collect the sums they paid the owners of coupon booklets at the time they acquired them, in partial compensation for the losses suffered by the fund.

The insecure representatives of investment corporations are left with no choice except to await further government decisions, of which the public is informed essentially only as a result of statements made by Prime Minister Meciar on television and on radio. Minister of Finance S. Kozlik has thus far restricted himself to merely defending the new model and extolling its advantages over the coupon privatization method that has already been used. Minister of Privatization P. Bisak, much like S. Gavornik, president of the FNM, essentially will not participate in the debate over the fate of coupon privatization.

Coupons Called Worthless

95CH0280C Bratislava SME in Slovak 8 Jun 95 p 1

[Interview with J. Carnogursky, chairman of the KDH (Christian Democratic Movement]) by Peter Toth; place and date not given: "Under Coupon Privatization as Proposed by V. Meciar, Everyone Will Receive the Same Thing—Nothing"]

[FBIS Translated Text] J. Carnogursky, chairman of the KDH [Christian Democratic Movement], has published a statement in which he characterized the securities promised by the prime minister under coupon privatization as being worthless.

[Toth] Is it possible to consider the issuance of bonds or securities as a form of privatization?

[Carnogursky] Of course not. The so-called second round of coupon privatization, as introduced by Mr. Meciar, is not privatization. It is only an attempt to accomplish a sort of one-time indemnification of citizens, and does not secure their share in any property. He promises securities that, in view of the current status and prospects of the FNM [National Property Fund], have no value. The new concept is not even counting on coupon privatization at all.

[Toth] According to the prime minister, this model is supposed to guarantee greater justice....

[Carnogursky] The only positive aspect is that what Mr. Meciar proposes will eliminate the envy of those who made good investments on the part of those who made bad investments in the first round of coupon privatization. Everyone will have the same amount—in other words, nothing. The prime minister announced that, in contrast to the first round of coupon privatization, where citizens were passive, they will now take an active part in making decisions regarding their property. This is precisely the opposite. In the first round, citizens could decide whether to participate through a privatization fund or make a direct investment. On the basis of the first round of privatization, a citizen continues to be active today. He owns securities and is allowed to trade them. Now, he will receive securities, and because the FNM suffers from a lack of liquidity, they will be of no interest to communities and pension funds. Citizens will play a passive role. They will wait five years to see whether the FNM, which cannot be forced into bankruptcy, will have liquidity or not.

[Toth] Under what circumstances will it be possible to make use of the securities for the kinds of goals of which the prime minister speaks: insurance payments, the privatization of apartment units, etc.?

[Carnogursky] If the FNM were to be overflowing with money, then its liquidity would be high. However, the FNM is heavily in debt. It will be plucked by many creditors—for example, the state debt and the government developmental programs. The liquidity of the FNM will always pose a great problem. I am highly skeptical as to whether the sellers of apartments or pension funds will be interested in these securities.

Smoke Screen by Meciar

95CH0280D Prague LIDOVE NOVINY in Slovak 9 Jun 95 p 7

[Article by Andy Siegfried, Bratislava: "Meciar's Coupon Camouflage"]

[FBIS Translated Text] The second round of coupon privatization in Slovakia has come to an end without even beginning. What Vladimir Meciar announced on Tuesday as being the new concept behind it no longer has anything in common with coupons, and very little in common with privatization. An owner of a coupon booklet will simply receive the opportunity to exchange it for National Property Fund (FNM) bonds at a nominal value of 10,000 Slovak korunas [Sk], with the principal payable in, at the earliest, five years. Until that time, the owner, should he decide to hold the "security," is entitled only to interest at the discount rate—currently 11 percent. This is a model similar model to the one currently being tested in Russia.

Because the bond is to be "redeemable" with the FNM not only in the form of securities but also in the form of cash, this means, in practice, that only a portion, or rather a fraction, of the balance value of Sk35 billion in property, intended for the second round of privatization, will actually be privatized. It is immaterial whether the bond is sold by the original "coupon acquirer" or whether he invests it in some other way. The greater portion of this property is more likely to remain in the hands of the FNM—or, rather, the state.

Meciar and his economists have thus thought up a new concept not of privatization but of across-the-board indemnification of the population. In comparing it to the normal "coupon privatization," however, not even that holds true. Nevertheless, it is clear that in a portion of the population, seeing the nominal numbers of Sk10,000 will evoke a certain feeling of satisfaction. The fact that the Slovak FNM does not even have enough liquid resources to pay the first interest payments should all three and a half million bondholders theoretically so demand it, is something that the rank-and-file former MIK [holder of investment coupons] probably does not know. And he probably does not know that, given the existing rate of inflation, he will lose approximately 50 percent of the real value of his bond within five years. On the other hand, however, he will not even benefit from an effort to sell his bond immediately. The tremendous offering will reduce its price well beneath the nominal value.

But the investment funds involved in the second round will be crying even more over their benefits than the average citizen—the rule changes during the game will signify the final nail in the coffin for many of them.

Advantages, Disadvantages Seen

95CH0280E Bratislava HOSPODARSKE NOVINY in Slovak 31 May 95 pp 1, 8

[Article by Anton Bonko, Center for Strategic Studies of the Slovak Republic: "The Positives and Negatives of Coupon Privatization"]

[FBIS Translated Text] The privatization of national property caused certain tensions in society as early as the time when the search was on for the basic mechanisms for accomplishing it, as well as for its forms. Only a few people realized sufficiently what was at stake. A significant portion of the population considered it unjust for property that was created in the past even at the expense of their standard of living, to get into private hands. Political entities, the majority of which very quickly realized that privatization of national property was becoming a source of political power in the future, took another position.

The mechanisms of privatization and its legislative process were in part subordinated to these two factors. It was argued that the principal goal of privatization, including its coupon method, was to transform ownership from state ownership to private ownership, which should create the foundations for a market economy. It must be added that this market economy was to be an efficient and effective one. But where the future of political power was involved, preference was given to political viewpoints over economic viewpoints. It is precisely this approach that brought about the situation in which privatization, together with other factors, made an indirect contribution—which was sometimes even immediate—to the failure of the economy as a whole, although the opposite was to be the fact. This was reflected not only in the economic results of a significant number of enterprises—their decapitalization—but also in their valorization for purposes of privatization. Here, it is possible to find some of the roots of the tougher impacts of the economic reform in the Slovak Republic, as opposed to these impacts in the Czech Republic and, to be honest, some inequities in dividing the property of the former common state to the detriment of Slovakia. Privatized enterprises, even in cases where they were sold to individual owners, are frequently compelled to struggle with these consequences to this day.

Politics and the Economy

Because this is primarily a matter of political power, it is not happenstance that the second round of coupon privatization that is being prepared is beginning to once again heat up the political scene. However, the method by which this is happening can, again, not only destabilize the entire political power sphere but, in this case, draw all of society into this crisis. Therefore, the question arises as to whether the goal of achieving political power and also accomplishing privatization isn't being pursued via the crisis in society as a prerequisite for maintaining this power in the future.

There is no doubt that every political power anywhere in the world tries to reward its faithful followers. Currently, in this country, the best means to accomplish this is privatization aimed aat favoring certain individuals or groups of individuals. In this respect, there is no difference between any of the governments that have been in power since 1990. As regards the question asked, one should take as a kind of warning the fact that an aggressive position is being taken vis-a-vis the assumed lower volume of property to be offered in the second round. This can be compared with the original expectation of approximately SK80 billion. But this doesn't have much to do with the actual amount of property. The five-year securities that are being prepared for purposes of increasing this property are based on political calculations. They represent an effort to draw the broad mass of citizens into the political game of privatization, approximately three and a half million holders of property investment coupons [MIK] who had decided to participate in the second round of coupon privatization. Psychologically, it is being suggested to them that coupon privatization is the fairest form of privatization, and various amounts of money of which they will be deprived are being identified. In actual fact, these people are not entities in this game, but are expected to become active instruments in the game in pursuit of the political goals of others. Intentionally, there is no new talk of efficiency of this kind of privatization as regards providing future growth and restructuring impulses for the economy, and of resulting social consequences.

Briefly stated, the majority of people need to work and need the resulting social certitudes rather than the uncertainty of a one-time amount of money. Perhaps this is why there is so little talk about the fairer form of employee shares and stock corporations, such as the ESOP's, which have found broad and effective application even in the United States.

The assaults on increasing property for the second round of coupon privatization, however, also pursue another intention. They are conducted with the goal of seeing to it that even lucrative enterprises that are considered by the state to be strategic—in the energy industry, gas industry, and several other industries—are included in privatization. However, in the current phase of building the state and shaping its future, this is a question of safeguarding the state-political interests of the Slovak Republic. Clearly stated, he who controls these branches controls the economy and predetermines its efficiency in many respects. Thus, this is a matter of a fundamental conceptual question involved in shaping the state internally and externally, and has to do with the measure of its sovereignty.

Unfulfilled Goals

Apart from their global character, the positive and negative aspects of coupon privatization can be spoken of primarily in conjunction with the partial goals they pursued. These included the following:

- the just distribution of property among citizens;
- the creation of an ownership structure and the responsibility of owners for property in a relatively short period of time;
- the transformation of property into shares;
- the creation and development of a capital market;
- making privatization politically more "digestible" for citizens.

It is impossible to overlook the fact that changes in ownership were connected with a change in the political-social system and are thus responsible for the creation of a material base for the new system. It was to be expected that the psychological barriers created in the minds of citizens over 40 years by state ownership would be substantial, even in conjunction with social equalization. Privatization was actually used to form the future social stratification of society and the restructuring of enterprises at the same time, the first phase of which had to be reflected as a negative incursion into the social sphere as a result of the dismissal of surplus or inefficiently utilized manpower. Without regard as to which political force governed, this could signify its failure on the political scene and in the elections (without considering the social network).

It turns out that not even one of the first three goals was fulfilled, or was fulfilled only partially in a significantly deformed way. The basic reason lies in the fact that although the first round of coupon privatization was well-prepared from the mechanical standpoint, citizens had difficulty understanding its philosophy. And even for the decisionmakers, the outcome was unclear—what would its impact be on the economy and on the economic entities after it ended (after the change in ownership)?

To Acquire Money Rapidly

The fact that the citizens were unclear regarding the philosophy and goals of coupon privatization is documented by the fact that it was not actually begun until the investment privatization funds (IPF) placed advertisements and made promises that were originally not anticipated. That is why approximately 72 percent of the holders of investment coupons [DIK] participated in the first round of coupon privatization, specifically through the IPF's. Owing to the unpreparedness of the decisionmaking sphere for this step and the inadequate legislation, the IPF's had virtually a free hand. This situation persists to this day to a certain extent.

This changed the fundamental goal of coupon privatization. Privatization changed from being an instrument for the change of ownership as the fundamental element for transforming the economy into an efficient market economy to being an instrument making it possible to acquire money rapidly. A significant portion of the populace succumbed to this temptation and was thus an impetus for the second round of privatization.

Subsequently, this also influenced the further activities of the IPF's. They primarily had to be concerned with acquiring resources to fulfill the promises made and those necessary for their own administration, and not be concerned with acquiring resources for the substantive restructuring of enterprises and their development. The pressure on financial resources and profits thus received priority in many cases over the future of enterprises.

The radical advent of the IPF's actually resulted in a counterproductive effect. On the one hand, they depoliticized coupon privatization for citizens and gave it a "monetary content"; on the other hand, they gave it a political accent by lobbying activities and by forging connections with political entities (as well as banks). Thus, the IPF's contributed to the fact that coupon privatization and privatization in general began to be connected with the future of political-economic power. Political entities and politicians thus were caught in the "trap" that persists to this day. Privatization as a whole thus became politicized and will be one of the reasons for political instability and political skirmishes for a long time to come.

These are the global negatives that beset coupon privatization in the past and from which it suffers to this day. However, the situation does not look any better from the standpoint of partial goals.

Relative Equitableness

Equity in the case of coupon privatization can be spoken of only in relative terms. It was a positive that every adult citizen was able to participate in it if he was interested. In part, this was limited by the level of knowledge and by the financial situation of the population, and some people had no confidence in arranging any kind of loans through the IPF's. A negative aspect was the fact that the placement of investment points presupposed a certain degree of knowledge regarding the enterprises to be privatized. Although this information was partially publicized, it anticipated the sizable level of economic knowledge [on the part of investment couponholders]. A portion of the citizenry was thus disadvantaged, and the gamble that Sk1,000 could result in multiples of that amount or in nothing was a hazard for them.

Similarly, information on the funds and their expert levels was lacking. Conditions under which citizens could invest via the IPF's were unclear. This is also true of the situation surrounding the second round of coupon privatization. For example, the placement of investment points (coupon booklets) with funds had virtually terminated by the time a listing of funds and their locations was published in the mass media.

Once more, the situation thath existed in the first round of coupon privatization is being repeated. Specifically: Even though some IPF's granted loans for purposes of purchasing coupon booklets—loans on which interest was charged—the loan was to be paid off out of future dividends (for the most part, 25 percent of the annual dividend). Interest started accumulating immediately. Dividends did not accumulate until 18 months following the termination of coupon privatization. In the majority of cases, the dividends were so low (and it is expected that they will continue to be so in the future) that the original loan is growing as a result of interest due. In approximately five years, there will be a situation in which the loan will exceed the value of the IPF shares, and instead of a possible profit, the citizen will experience losses. This problem is not being resolved for the time being, and is, moreover, relatively in order from the legal standpoint. However, this is a matter of abusing the goodwill of the citizen and his lack of knowledge within the limitations of the law.

Without Influence and Responsibility

For the second round of coupon privatization, the activities of the IPF's must be regulated in this direction. As far as the formation of an ownership structure and ownership responsibility for property is concerned, this goal was fulfilled only partially, because ownership was changed and "quasi"-ownership relationships were created.

Individual DIK's became a scattered group of owners without real influence and responsibility for the property involved. At the same time, they contribute no capital that would help in the future development of most of the undercapitalized enterprises. In addition, they create pressure upon the payment of dividends, and, thus, also on the redistribution of any possible profits that could be used in the development of the enterprise. If these expectations (even under the pressure of advertising and cheap promises made by the IPF's) are not fulfilled, they develop into "false" stockholders whose sole interest lies in transforming their securities into cash. This does not add to the security of enterprises and of management, and gives rise to a partial black market in securities. This is so because this gives rise to real owners, but also to speculators, and we actually do not know in whose hands the property of enterprises being privatized through coupon privatization lies.

A positive aspect is the fact that the IPF's restricted the scattered nature of ownership to a considerable extent. In the majority of cases, however, they failed to fulfill the fundamental prerequisite—namely, that they are an instrument of collective investing. By its very essence, coupon privatization did not make it possible for them to accumulate monetary resources from the population and to invest these funds. They were accumulating only their investment points, and, by investing them, acquired securities. Even though some IPF's did accumulate monetary resources, this occurred via credits from monetary institutions, through unknown resources (laundering of dirty money) or as a result of foreign capital.

In the first case, they deprived the banking sphere of the opportunity to provide broader credits to the enterprise sphere and, moreover, the banks are not very willing to be responsible for the status of enterprises, something which their connections with the IPF's should make a rule. In the second case, it is not clear in whose hands the privatized property has found itself via the IPF's and primarily what the owners intend. This is not only not known by the MIK's—their stockholders—but they do not even have any influence upon this aspect. Because the majority of the IPF's lacked monetary resources, they conducted themselves in a manner similar to individual DIK's. They exerted pressure on the fiscal-expenditure side of the privatized enterprises for purposes of creating profit and, thus, of creating the opportunity to pay dividends and acquire resources required for the administration of the IPF's (for the most part, 2-3 percent of the resources acquired).

Positives, Negatives, Solutions

A positive aspect was the fact that this created pressure upon the primary transformation of privatized enterprises and their managements, which had to devote most of their attention to the expenditure side, the organization of the operations of the enterprise, reducing the number of surplus employees, and working out an enterprise strategy.

But this also had its negative side. Increased unemployment exerted pressure on the social components of the state budget and resulted in minimum increases in wages in an effort to preserve the price competitiveness of products. Wherever an increase in wages was resorted to, product prices were also increased, for the most part. However, this road very quickly ran into the barrier of the population's purchasing power. To be fair, it must be noted that some of the listed and other negative aspects stemmed from the essence of the transformation and its goals, and that it was necessary to implement them. However, an open question remains as to the extent of the impact on citizens and on the economic sphere and contributions for the future from the standpoint of shaping an effective market economy. This impact was expected to be accompanied by a growth in efficiency within the economy, which did not occur.

Participation of the Funds

From the beginning, the majority of the IPF's were striving strongly to participate in the management of privatized enterprises. This resulted in considerable embarrassment for management, and made management insecure. This approach is not customary anywhere else in the world. It is difficult to imagine that tens of IPF's, which had only just come into being and were, in fact, in the learning phase, could in so short a time train, and find a sufficient number of, specialists who might be capable of intervening in the management of enterprises in a qualified manner.

From even this brief sketch of the problems involved with coupon privatization, it is possible to infer that the clamor surrounding fairness and the robbing of citizens has a totally different background. The citizen is supposed to serve as an instrument in the political game in which, in the end, he will pay the bill himself.

So that these negative aspects would not be transferred to the second round of coupon privatization and to privatization as a whole, the following are desirable:

- Depoliticize privatization. Subject privatization projects, even those for coupon privatization, consistently to an orientation regarding future economic efficiency of the enterprises involved and their development. Place emphasis on real owners with real capital and the opportunity for investing it. Subordinate even foreign capital to this principle. Also, consider employees to be real owners and develop a system of employee shares during the "coupon privatization" campaign. Also, find organizational and legislative solutions to permit management to fulfill its function and to exclude any possible conflicts between the interests of employees and management to the benefit of future prospects for the enterprise, and, thus, also to the benefit of social certitudes (councils of employee stockholders).
- Outline the role of the IPF's so that, on the one hand, they would not profit from privatized enterprises providing no benefits and, on the other hand, so that they would not misuse the ignorance of citizens and their powerlessness insofar as determining IPF policies is concerned.
- Adopt an amendment to organize associations of individual MIK's in stock corporations and in IPF's in such a way that they could exert a real influence upon the policies of their boards of directors (by eliminating such cases as the ZVL [Ball-Bearing Plant] at Kysucke Nove Mesto or the VUB [Potato Research Institute] at Kupon-Nomura).
- Modify legislation to regulate capital operations involving securities that occur outside of organized markets. Assure the transparency of the capital market in such a way that foreign participants (corporations) who are not interested in serious commercial transactions connected with the development of enterprises and the market would be unable to make use of "street vendor" sales and purchases of securities.

SZDSZ Chairman Views Coalition Disagreement

AU2208143295 Budapest UJ MAGYARORSZAG in Hungarian 22 Aug 95 pp 1, 4

[Interview with Ivan Peto, chairman of the Hungarian Alliance of Free Democrats, by Tibor Franka in parliament on 21 August: "Ivan Peto Thinks There Are No Arguments in Favor of Expanding the Government"]

[FBIS Translated Text] [Prime Minister] Gyula Horn refused to speak about coalition relations between the Hungarian Socialist Party [MSZP] and the Alliance of Free Democrats [SZDSZ] at the MSZP forum held on Margaret Island in Budapest on 20 August, but he confirmed that he needed a deputy prime minister in charge of coordinating economic affairs, and the person in question might be Sandor Nagy [National Trade Union Federation chairman]. According to Gyula Horn, the new position will come into effect even if the two coalition parties fail to agree on the position or the person. This issue was also discussed at the SZDSZ-MSZP meeting held on 21 August. Before the meeting, we asked SZDSZ Chairman Ivan Peto about his party's views on the latest statements made by the prime minister and about the SZDSZ position in the talks.

[Franka] After the meeting of the MSZP National Committee, when it transpired that the committee members support Gyula Horn's concept of government expansion, the SZDSZ expressed its disapproval and said that the prime minister acted against the coalition agreement.

[Peto] It is unfortunate that someone or some people from the senior ruling party simply divulged something that, according to the coalition agreement, they should have coordinated with us before making it public. Besides, we have always been of the opinion that there is no reason to enlarge the government. In addition to being unjustified, the position of deputy prime minister also involves the modification of the Constitution because, if the prime minister appoints a minister with extra rights, the parliament has to approve this by a two-thirds majority.

[Franka] If, however, this change takes place, does that mean that Gyula Horn will "give up" some of his responsibility?

[Peto] This clearly does not mean that because the prime minister is responsible for the government.

[Franka] Could this appointment take place in spite of your opposition?

[Peto] As prime minister, Gyula Horn can do this, but he cannot do this as a coalition partner because one of the basic conditions for the functioning of the coalition government is that the two sides must jointly agree on issues, functions, and people. However, the prime minister has the right to think that things would go better with the nomination of a deputy prime minister, but I repeat that the SZDSZ is not aware of any argument or arguments in favor of such a move.

[Franka] The question arises whether the proposed deputy prime minister will supervise Finance Minister Lajos Bokros, who also leads the economic cabinet today.

[Peto] Absolutely because, if the deputy prime minister cannot supervise the ministers, he himself could "only" be just another minister.

[Franka] Gyula Horn allegedly declared that the appointment of a new economic leader would not curb the authority of the finance minister.

[Peto] I do not know the exact positions of the prime minister on every issue, and I only read about the MSZP forum in the press. It is certain, however, that a possible deputy prime minister could only fulfill his role if he stayed above the ministers.

[Franka] In your view, does Gyula Horn have a coordinator or a deputy with genuine tasks in mind?

[Peto] I do not know for sure what he has in mind because no clear relevant statements have been made so far.

[Franka] However, Gyula Horn clearly stated that Sandor Nagy was one of the candidates for that position.

[Peto] It is not worth talking about Sandor Nagy because, so far, we have only been speaking about the function itself.

[Franka] How will the SZDSZ react to the possible appointment of Sandor Nagy to the position of deputy prime minister?

[Peto] At present, Sandor Nagy is a trade union leader who represents a policy that must be carried out in such a position. If he continued this policy in the government, as well, I am sure it would extend the suffering of the Hungarian people because it would delay the settling of economic problems even more. One should accept the fact that the government and Sandor Nagy do not share the same ideas regarding economic policy. As for the coming talks, the SZDSZ is now sitting at the negotiating table firmly convinced that there are no arguments in favor of enlarging the governments.

[Franka] Does this mean that there will be no agreement on this issue?

[Peto] It is too early to say that because we do not yet know the arguments of the MSZP and the prime minister. I cannot give you a clear answer until then. In any case, if Gyula Horn decides in favor of enlarging the government, he will have to face the possible negative results of a parliamentary vote, as well as the fact that the coalition agreement signed between us should be modified. We are not sitting down to the negotiating table this afternoon with the possibility of such developments.

Smallholders Party Parliamentary Politics Analyzed

95CH0328A Budapest MAGYAR NARANCS in Hungarian 27 Jul 95 p 19

[Article by Andras Somos: "The Smallholders Cabinet System: Shadow on the Foam"]

[FBIS Translated Text] *"The Smallholders can hardly wait for the next session of parliament to begin," said Jozsef Torgyan at a press conference last week. And that certainly is true: parliamentary activity—a flood of requests for permission to speak before proceeding with business pursuant to the order of the day, and scores of brief speeches limited to a maximum of two minutes each—is the party's main political weapon and the secret of its growing popularity.*

The Independent Smallholders, Agricultural Workers and Citizens Party (FKgP) is a one-man show so far as performing in public is concerned, but the roles it has played in parliament have completely refurbished even the party's halo. Despite the heat wave, the party's headquarters on Belgrad Rakpart is bustling with people and activity. The party gained 25 percent of the vote in the first round of voting in the Kaposvar by-election (although the low turnout makes the significance of this result questionable); and in the latest opinion polls (the Szonda Ipsos survey conducted at the end of June) the Smallholders and the MSZP [Hungarian Socialist Party] were tied, each with 22 percent of the decided voters polled. Both the leadership and the rank and file of the FKgP regard these developments as factors that inspire to greater effort.

Within the party, putting in place its "cabinet system" is now the order of the day. According to the official version, the party will have a cabinet of experts from which one may also conclude that, during 1.25 parliamentary cycles, the party has been satisfied with merely ad hoc expertise.

The Cabinet System

The leadership of the FKgP has entrusted to Andras Varhelyi the work of organizing the party's cabinet system. He is the same Andras Varhelyi who, under the Antall and subsequently the Boross governments, headed the No. 4 cabinet [department] within the internal cabinet system of the Prime Minister's Office. "His responsibilities covered not just the media, but extended also to broader and more important areas," party chairman Jozsef Torgyan told our reporter. "Starting out from the work of the statesmen during the past period, we would like to devise a cabinet system by borrowing the favorable features and discarding the unfavorable ones. Andras Varhelyi represents the first phase of this process."

Varhelyi joined the MDF [Hungarian Democratic Forum] in September 1994 but left it in the spring of 1995, after the MDF's national convention. All we learned about Varhelyi at the MDF was that the party took a dim view of his critical articles appearing in NEPSZABADSAG while he was a member of the MDF, although not a determining factor within it. "He was a passing affair without any consequences," said Karoly Herenyi, the MDF spokesman.

Party Chairman Torgyan

Citing that stories about himself had already appeared in five papers, Varhelyi refused to be interviewed by MAGYAR NARANCS about his ties with the MDF. Thus only Party Chairman Torgyan's characterization of Varhelyi can provide clues: "He is close to me in every respect. He sees, just as I do, that four-fifths of the country's population is living in the provinces, and realizes how much the provinces have been relegated to the background up to now. He is from the provinces himself and wants to do something in the interest of liquidating this backwardness. The governments up to now have been following a diametrically opposite path: at least 90 percent of the 8.5 million [as published] U.S. dollars of foreign direct investment that flowed in since Jozsef Antall assumed office has been channeled to Budapest and western Hungary. Andras Varhelyi is not only a lawyer but a writer as well. Perhaps seven works of his were published during the past two years. I would also like to point out that he belongs to the age group that is already able to contribute something new. He feels that the national ideas he had expected the Antall government to fulfill can now be realized through our consistent policies. He clearly sees that the Antall government had strayed to a different path. His person is important to the Smallholders Party because he is able to salvage as values the national ideas of recent years; and at the same time he is aware that a government calling itself a national one should not have privatized half of the nation's assets without being able to show an offset for them; and it should not have concluded a basic agreement with Ukraine."

Plans

According to the plans, the [shadow cabinet's] work groups, headed by the individual experts, will be patterned on the portfolios in the present cabinet and on the present structure of parliamentary committees. But there already are arguments within the party over the proposed innovations. According to the party chairman, the structure of the future cabinet will depend also on what share of the vote the Smallholders win in the next general elections. The FKgP believes in political alliances and would offer its coalition partners two deputy prime-ministerial posts. The leaders of the FKgP would like an economic superministry, giving the Finance Ministry only technical tasks. The proposals will be elaborated by the end of August. In the meantime the cabinet system will be put in place. As of this fall, members of the cabinet of experts will be providing quick rebuttals to government actions on current issues, and it will be possible to rate the selected experts' suitability on the basis of their rebuttals. A new economic program will be presented on 11 November. "The program's individual elements are ready, but we have yet to decide how much of the program we should make public."

The Smallholders

The FKgP rejects the term *shadow cabinet* "because it has not gained acceptance in the legal systems of continental Europe, nor in Hungarian public opinion. There are fewer opposition parties in the West than in Hungary. A shadow cabinet could not function with so many opposition parties." Much better and clearer, in Torgyan's opinion, is the structure under which there is only one shadow cabinet as the government's counterpart. "Here there is no need for who knows how many parties to issue statements on whether they are a civic alliance or closet liberals, who belongs to them, and why the Smallholders are going their separate way." The list of experts is secret and Torgyan refuses to reveal their names, because he does not want to expose his best people to unprincipled attacks of the kind that he himself had suffered. "I, myself, am surprised by the large number of prominent people who are volunteering. I am practically unable to interview them."

Neither party headquarters nor Jozsef Torgyan's secretariat was able to provide meaningful information regarding Andras Varhelyi's exact whereabouts. In the end, the one-minute personal meeting with him was made possible by the bits of information that filtered down through our MDF contacts.

[Box, p 19]

Other Parties' Comments on the Smallholders

Andras Bard, the spokesman of the MSZP, does not know what the Smallholders have in mind, but feels that the FKgP's greater emphasis on expertise will be a good thing for parliamentary democracy and also from the viewpoint of the country as a whole. For a meaningful assessment, the MSZP will need to know the list of experts. It hopes that "professional arguments will replace criticism in the abstract."

According to Tamas Bauer, general manager of the SZDSZ [Alliance of Free Democrats], the Smallholders have recognized that they will be able to convert their growing popularity into votes only if they can convince the public of their expertise. Consequently, this announcement serves to build their image. But Bauer remembers Smallholders experts from 1989-90 who subsequently offered their services to the SZDSZ. "The FKgP program at the time did not differ much from ours. Since then I have not encountered a living Smallholders expert."

MDF spokesman Karoly Herenyi is glad to see that the Smallholders are reinforcing their professional work, for that was not one of their strong points up to now, he said. The MDF is not contemplating the establishment of a shadow cabinet of its own, because it has a board of experts since 1989. Proof of the board's professional level is the fact that the reasons adduced by the Constitutional Court in its latest decision, the one regarding the Bokros [austerity] package, were essentially identical with the contents of the MDF's petition.

Tamas Isepy, parliamentary leader of the KDNP [Christian Democratic People's Party], welcomes the Smallholders' growing popularity. But he notes that "a Bengal flame is dazzling, but its heat is not enough to bake a potato." The KDNP prefers to place emphasis on effectiveness and wants to make the FKgP an effective participant in the cooperation among the opposition parties. In his opinion, it is unlikely that history will repeat itself—that one party will again win 54 percent of the vote and will be able to govern alone. He awaits the list of experts, and the alternative government program.

TU Head on Interest Coordination, Social Tension

AU2208170195 Budapest NEPSZABADSAG in Hungarian 22 Aug 95 p 7

[Interview with Janos Vago, deputy chairman of the National Federation of Hungarian Trade Unions, by Erzsebet J. Kun; place and date not given: "The MSZOSZ

Is Not Interested in Continuing the Current Practice of Coordination"]

[FBIS Translated Excerpt] [Passage omitted] [Kun] The national confederations will be sitting down for talks in the coming days to determine the limit of representation in the Interest Coordination Council [ET] in the newly emerged situation after the election of the factory and public employee councils. What stance is the National Federation of Hungarian Trade Unions [MSZOSZ] taking on this issue?

[Vago] In our view, on the ET's employee side, those interest representation groups that can show adequate support can sit at the negotiating table. [passage omitted] In addition, I believe that the votes of those confederations that have a bigger support should weigh more. This would mean the abandoning of the principle of parity. The MSZOSZ is not interested in continuing the current practice of interest coordination because, considering its size and the number of its supporters, it has significantly less possibility to assert interests and influence opinions.

[Kun] Interest coordination has so far been unsuccessful. Does it have any chance at all in this kind of restrictive period?

[Vago] For me, the failure of interest coordination was the biggest disappointment of the past year. [passage omitted] Not denying that the employees are also responsible for the failure and that we often complain about the government instead of spectacularly and openly confronting the employer side, I believe that the government has a definitive political responsibility in this issue. No agreement exists on the operational conditions of the various levels of interest coordination or on the punishment of those who break the agreements. Interest coordination has become incidental, debates, mostly after the event, were held on only financial policy measures rather than on the government's economic policy. Nevertheless, I believe that there is a chance for achieving agreement because, without success, the system of interest coordination and its participants would become ridiculous, and society would increasingly try to use individual survival techniques—already typical—which is not in anyone's interest. Another possibility lies in rethinking the social and economic agreement. My recent experience is that quite a few members of the Hungarian Socialist Party's Executive Committee would be willing to support steps that mean true values, workplace and social security for the employees. If an image of the future including long-term security were formed, I would also be willing to show willingness for compromise in the details.

[Kun] As a leader of one of the biggest domestic trade unions, do you think the country is going toward social explosions or toward handling the problems in a difficult process of interest coordination?

[Vago] I think that, since May 1994, apart from some conflicts in various industrial branches, the Hungarian trade union movement, including the MSZOSZ, has operated as a factory council rather than as a trade union. Coordination has been a means of passing on information rather than of labor struggle. In the country's known economic situation, another kind of attitude would only have brought seeming successes. We showed a self-restraining attitude in a sensible period of grace, but now this is pointless. If the interest protection organizations do not act as trade unions in the future, the possibility of a social explosion, spontaneous social actions, and civil disobedience actions cannot be excluded. The raising of this issue is also justified by the fact that the economic and financial policy has no social support. This can also be a source of social explosion.

[Kun] In your view, can the Bokros program be implemented, or do we need a change of direction?

[Vago] In my view, the Bokros program is not very successful because only one of its goals has been achieved, namely the reduction of real wages. The latest economic statistics undeniably show a positive move even compared to the previous quarter; however, no one can tell whether this is a seasonal or a long-term trend. Foreign and domestic indebtedness are the Hungarian economy's basic problems, while overconsumption is only to a lesser extent. In my view, we should go beyond the attitude that considers the restriction of consumption and the curbing of income outflow as the only means of remedying the economy's problems. [passage omitted]

Appointment of Hospital Heads 'Political Purging'

LD2208150395 Budapest Kossuth Radio Network in Hungarian 1200 GMT 22 Aug 95

[FBIS Translated Text] The parliamentary opposition is unanimously criticizing the Socialist and Free Democrat deputies of the Budapest local government. They claim that some of the Budapest hospital directors have been chosen on the basis of party considerations. The Hungarian Democratic Forum said constitutional rights have been violated because political angles and not profession criteria were taken into consideration when the tenders were assessed.

In his capacity as a member of the health care committee of the Christian Democratic People's Party, the former director of the St. Paul Hospital called the decision a political purging that makes possible the carving up of the Budapest health-care market.

The Federation of Young Democrats-Hungarian Civic Party [FIDESZ] said that the coalition comprising the Hungarian Socialist Party and the Alliance of Free Democrats is introducing a new client system through the appointments. FIDESZ said that, from the viewpoint of constitutional law, it is objectionable that the welfare minister will decide on abolishing a number of hospital beds.

RRF Fires on Serb Positions Outside Sarajevo

AU2208210595 Paris AFP in English
2035 GMT 22 Aug 95

[FBIS Transcribed Text] Sarajevo, Aug 22 (AFP)—Rapid Reaction Force [RRF] troops fired six shells late Tuesday [22 August] on Serb artillery positions northeast of Sarajevo after a UN post came under fire, a UN spokesman said.

It is the first time the Franco-British-led force's heavy guns have been used on Serb positions, Lieutenant Colonel Pierre Briere said.

'Sources' Report on 'Plan' To Reduce UN Force

AU2008132695 Paris AFP in English
1249 GMT 20 Aug 95

[Report by Jacques Charmelot]

[FBIS Transcribed Text] Zagreb, Aug 20 (AFP)—The UN headquarters in the former Yugoslavia is considering pulling out nearly half of the peacekeeping forces in Bosnia-Herzegovina, suggesting a wider plan to withdraw from the Balkans. According to military sources in Zagreb, General Bernard Janvier, commander of the UN forces in the former Yugoslavia, and General Rupert Smith, who commands UN troops in Bosnia-Herzegovina, are drawing up a plan to slash the size of the force.

The first draft of the plan, which would first have to be transmitted to UN headquarters in New York, envisages the departure of some 10,000 UN troops out of the more than 20,000 deployed in Bosnia across four geographic sectors. The 8,000 soldiers of the UN Rapid Reaction Force, mostly French and British, are not affected by this measure.

Yasushi Akashi, the UN's special envoy to the former Yugoslavia, has already spoken of a major reduction of the UN Protection Force (UNPROFOR). In Zagreb he referred to "rationalisation" of the UN presence in Bosnia, while announcing that almost all the UN peacekeeping forces in Croatia would be pulled out.

The reduced UN force would be deployed around two or three operating centres in Sarajevo, central Bosnia, and would carry out two missions: protecting humanitarian aid convoys and monitoring confrontation lines. "I am not aware of a master plan" said Christopher Gunness, UN spokesman in Zagreb. But he recalled that UN Secretary General Butrus Butrus-Ghali had advocated a simplified mandate at the start of summer.

"Events are pushing us in the direction of Butrus-Ghali's preferred option," said a UN official, speaking on condition of anoynmity. He said the announcement of the UN's departure from the Gorazde enclave was a clear sign that the United Nations no longer wishes to keep its forces scattered across a wide area.

UN strategists have always viewed this dispersion as one of the main reasons for UNPROFOR's vulnerability, as shown when Bosnian Serbs took UN troops as hostages on several occasions in June and July. The fact that they were deployed in small clusters also prevented them from carrying out a dissuasive role, as shown by the fall of Zepa and Srebrenica. In their defence, UN officials say they asked for 34,000 men in 1993, when the "safe areas" were set up, but were only ever given 7,000 to do the job.

Reducing the number of troops in Bosnia is also viewed in Zagreb as the first phase of a more complete withdrawal of a force whose existence only makes sense in a peacekeeping context. Since the Croatian victory over the separatist Krajina Serbs, and Croatian and Bosnian military operations in western Bosnia, it is clear that Zagreb and Sarajevo both favour a more muscular approach to make the Serbs yield.

For the moments they have momentum in their favour but the Bosnian Serbs forces still have a stranglehold on Sarajevo, whose 300,000 inhabitants have been under siege for more than three years and whose airport has been closed for five months.

France and Britain have always said that if the fighting rose above a certain level of intensity, they would pull their UN troops out of the beseiged Bosnian capital. In Zagreb, UN military officials say that with the Rapid Reaction Force, they now have the means to carry out an honorable retreat.

First Convoy Departs Gorazde

LD2208132295 Belgrade TANJUG in English
1246 GMT 22 Aug 95

["Pool" item]

[FBIS Transcribed Text] Bileca, Aug 22 (TANJUG)—The first convoy of UN peacekeepers started pulling out of the Muslim enclave of Gorazde in eastern Bosnia on Monday night, Bosnian Serb Army sources said Tuesday.

The withdrawal of 90 soldiers from the Ukrainian battalion had been announced on Friday.

The other UN troops will follow suit, leaving about 20 unarmed military observers behind.

Izetbegovic, Zotov View Current Peace Plans

AU2208181395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 22 Aug 95

[FBIS Translated Text] Alija Izetbegovic, president of the Presidency of the Republic of Bosnia-Herzegovina, today received Alexander Zotov, Russian representative in the Contact Group. During exhaustive talks, they exchanged views on the situation in Bosnia-Herzegovina and the current peace initiatives.

President Izetbegovic expressed the view that the process that might possibly lead to the settlement of the current situation in a peaceful way should be accelerated. The U.S. initiative is giving an impulse to these efforts. Russia's involvement is also of great importance as the solution implies Russia's active participation.

It was confirmed that Bosnia-Herzegovina has already accepted the Contact Group's peace plan and that it is up to the other side to take a definite position on the international community's peace project.

Regarding the speculation about Gorazde, Izetbegovic explicitly told Zotov that there will be no bargaining over this town of ours, nor can there be any. The Russian representative said that the Russian Federation is a multinational and a multiconfessional country and can understand the problems that Bosnia-Herzegovina is experiencing, and that it wants to contribute to the resolution of the tragic situation in Bosnia-Herzegovina.

Sacirbegovic: 'No Reason To Abandon Gorazde'

BR2208141795 Paris LE MONDE in French 22 Aug 95 p 4

[Article by Remy Ourdan: "U.S. Proposals for Settling the Conflict Arouses the Interest of the Three Belligerents in Former Yugoslavia"]

[FBIS Translated Text] The U.S. round of visits that started in the European capitals and which continued to Zagreb and Belgrade before being so tragically interrupted by the accident on the Mount Igman road, appears to have scored an initial victory insofar as it has aroused the interest of the belligerents. Croats, Serbs, and Bosnians all paid due consideration to the Washington delegation and its new proposals for a peace plan. However, experience has taught us that while the men in power in the former Yugoslav republics have never refused political meetings, these have rarely led to any real progress on the ground. Serbian President Slobodan Milosevic in particular has earned a reputation for his readiness to meet with people for days at a time and then not changing his demands. The peace plan drawn up by the Contact Group last year was also the subject of bitter discussions before eventually being rejected by the Bosnian Serbs. The accident on the Mount Igman road on Saturday 19 August rudely derailed the U.S. "diplomatic shuttle," since Richard Holbrooke had to return to Washington with the bodies of the three diplomats who were killed.

The first reason the warring factions were interested in the U.S. peace mission is doubtless the fact that it does not propose any rigid plan. Mr. Holbrooke and his colleagues arrived in the former Yugoslavia with a list of proposals that were likely to change in the course of their meetings. The U.S. diplomats have one overriding concern: The urgency for Bill Clinton of finding a rough sketch for a solution before 15 September when the Congress could vote to lift the arms embargo and block the presidential veto. They do have one real advantage on their side: Croatia has successfully reentered the war and is threatening to provide increasingly solid support for the Bosnian Army, which is starting to put the Serbian leadership in an uncomfortable situation. Lastly, there is a favorable human criterion for finding a political solution to the conflict: Whichever army they are fighting for, the soldiers are exhausted and fed up with a war that could last forever.

The Gorazde Issue

Very little information has filtered through about the plan to partition Bosnia which was proposed by the U.S. emissaries. The crucial issue of the Gorazde enclave near Sarajevo does not appear to have been resolved. A number of sources claim that the diplomats are proposing handing Gorazde over to the Bosnian Serbs in exchange for certain Serb-held districts of Sarajevo which would be offered to the Bosnians. Bosnian Foreign Minister Muhamed Sacirbegovic told LE MONDE on Sunday [20 August] what the Americans were initially proposing: "They thought they could convince us to abandon Gorazde but they soon saw that we would not give in on this point. We currently control 30 percent of Bosnia-Herzegovina. According to the terms of the Contact Group peace plan, the Croatian-Muslim Federation [LE MONDE capitalization] would receive 51 percent of the territory. We, therefore, have no reason to abandon Gorazde. On the other hand, we should get back Zepa and Srebrenica. It is the Serbs who should be handing territory back to us, not the other way around."

According to the Bosnian newspaper OSLOBODJENJE, which on Saturday [19 August] published a seven-point plan which it said was being proposed by the U.S. delegation, the United States considers that Gorazde cannot be "defended militarily" and advises the Bosnians to give it up in exchange for other land. The other territorial partitioning mostly concerned the Brcko corridor, broadened to the benefit of the Serbs, and eastern Slavonia, the region of Croatia controlled by Serbia. With the exception of these discussions concerning strategic locations, there is nothing to suggest that the Serbs have accepted the idea of handing some 20 percent of Bosnian territory over to the Croat-Muslim Federation as laid down in the Contact Group peace plan which they were instructed to accept in July 1994. The problem is the fact that the Bosnians are still demanding that this plan be applied, while the Bosnian Serbs have definitively ruled it out.

Mutual Recognition

Where the future constitution of Bosnia-Herzegovina is concerned, the situation is just as confused. The Bosnian Serbs would be able to form a confederation with Serbia thanks to the status of "autonomous region." On the other hand, it is out of the question for them the be granted complete sovereignty, since the legal existence of Bosnia-Herzegovina should be maintained. Diplomats have tried to convince Mr. Milosevic of the need for mutual recognition between the three republics. Mr. Sacirbegovic commented: "Milosevic could not refuse to meet with the U.S. delegation. However, we are still awaiting his response with regard to recognizing Bosnia-Herzegovina to assess his sincerity and his desire to make peace."

It is said that the Bosnians were also convinced by the threats that accompanied the U.S. peace plan which would be carried out if the belligerents refused the plan. These include the maintaining of severe economic sanctions against Serbia, and the possibility of carrying out air strikes against Bosnian Serb positions. Sacirbegovic said: "The plan has awakened the interest of the region's capitals, first because it is American, second because any plan is interesting after three and a half years of war, and finally because it is accompanied by concrete threats."

It is still too early to know whether the plan presented by Richard Holbrooke will make it possible to continue negotiations in the days to come. Moreover, the Americans will have to decide whether they want to bring the Bosnian Serbs into the talks. So far they have avoided visiting their stronghold in Pale but neither have they ruled out the possibility of meeting them. The United States appears to be banking on Belgrade's influence to force Pale to accept the decisions adopted. Speaker of the Pale Assembly Momcilo Krajisnik, back from a meeting in Geneva with UN and EU mediators, considered on Wednesday [16 August] that "the Serbs could be satisfied with the new offers. Nothing will remain the same." The problem is that nobody knows whether these [UN and EU] offers tally with the proposals of the U.S. delegation. The United States and the EU, and France in particular, are virtually competing on the way in which peace should be negotiated for the former Yugoslavia. The Americans favor the Washington-Moscow axis while the EU refuses to sign the death warrant for the Contact Group (comprising the United States, Russia, Germany, Great Britain, and France).

The first round of U.S. diplomatic visits gives the impression that the cards have still not been clearly laid on the table. Is the aim to get results quickly, or to demonstrate the persistent intransigence of the Serbs? Does the United States want to negotiate for peace on the basis of a Zagreb-Belgrade pole to the detriment of the Bosnians, as Sarajevo appears to fear, or will it continue to support the Bosnian Government?

SDP Rejects U.S. Plan To Partition Country

AU2308154295 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 23 Aug 95

[Report on Social Democratic Party press conference by Enes Osmancevic held in Tuzla on 23 August—recorded]

[FBIS Translated Excerpt] All the peace plans for Bosnia-Herzegovina hitherto have envisaged the partitioning of our country; unfortunately, that seems to be the essence of the latest U.S. peace initiative, which allows the Serb entity in Bosnia-Herzegovina to confederate with the so-called Yugoslavia.

Dr. Sead Avdic, vice president of the Social Democratic Party [SDP] of Bosnia-Herzegovina, explained that this will inevitably lead to the partitioning of Bosnia-Herzegovina and expressed his opposition to such intentions. The SDP will demand that the Republican Assembly debate the new peace initiatives and define the political minimum in further negotiations, Dr. Avdic said. He went on to say that all permutations involving Gorazde were out of the question. Gorazde can and must be defended by our forces; furthermore, we should not give up on demanding [words indistinct] free territory along the Drina River.

We must not allow the international community to trick us again, to betray Gorazde as it betrayed Srebrenica and Zepa, Dr. Avdic said and reiterated that NATO should block the border with the so-called Yugoslavia. Alleged demands put forward by the aggressor side [words indistinct] international media calling for the broadening of the so-called corridor near Brcko are completely [word indistinct], Zekerija (?Hodzic), SDA president for the free Brcko territory, said. The Bosnia-Herzegovina Army and Croatian Defense Council troops are a mere 4 km from the center of Brcko; we have paid a high price for this and the area will not be relinquished to the aggressor, (?Hodzic) said. He asked the Presidency and the Bosnia-Herzegovina Government to come up with precise answers to this issue. [passage omitted]

UBHSD Endorses Izetbegovic's 12-Point Proposal

AU2208155195 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 22 Aug 95

[Report by Dzevad Kusman]

[FBIS Translated Excerpt] At today's news conference of the Union of Bosnia-Herzegovina Social Democrats [UBHSD], Mirsad Turgud and Efrem Biber described the initiative by President Alija Izetbegovic as a well balanced and flexible position and expressed the view that Sarajevo must remain an undivided city. Dzevad Kusman reports:

[Kusman] Mirsad Turgud, member of the War Presidency of the UBHSD, started by saying that all international peace initiatives so far [words indistinct] rejected by the Pale leadership.

Out of the four current peace initiatives, only the 12-point proposal by President Alija Izetbegovic is known. The rest, owing to the many unknowns, are difficult [words indistinct].

The large number of initiatives, the American, the Russian, the EU's, and others, can lead to confusion and delays in the peace process and to (?the Serbs) accepting the Russian initiative and Bosnia-Herzegovina and Croatia the U.S. initiative. This would mean the continuation of the bloody Bosnian drama.

The UBHSD says that it is necessary for the international community to coordinate all the initiatives and to take a common position on one of them and then pursue its implementation.

Our state leaders are urged to consider only those initiatives that respect the sovereignty and territorial integrity of Bosnia-Herzegovina, [words indistinct] human rights and freedoms, the return of refugees and those expelled, and the punishment of war criminals.

The UBHSD considers the initiative of Mr. Izetbegovic to be a well balanced and flexible proposal, [words indistinct] accepted in negotiations considering that it offers two entities, the Bosniak-Croat and Serb, within [words indistinct] Bosnia-Herzegovina.

Speaking about the future status of the capital city, Efrem Biber, head of the Deputy Caucus in the City Assembly, once again stressed that his party demands that Sarajevo must remain an undivided city, a city of all of its citizens, as this would represent a guarantee for the (?survival) of Bosnia-Herzegovina as a whole. [passage omitted]

Political Parties Comment on Krajina Operation

AU2308094895 Sarajevo OSLOBODJENJE in Serbo-Croatian 10-17 Aug 95 p 6

[Report by S. Kasalo: "Today Knin, Tomorrow Pale"]

[FBIS Translated Text] According to the assessment of the politicians in Bosnia-Herzegovina, the Croatian Army's action to free the occupied territories of Croatia, and the joint activities of the Croatian units and the Army of Bosnia-Herzegovina [BH Army] and the Croatian Defense Council [HVO] in defense of Bihac, has done more to benefit Bosnia-Herzegovina than damage it because of the influx of new refugees.

Edhem Bicakcic, member of the Presidency of Bosnia-Herzegovina, unreservedly welcomed the Croatian Armed Forces' success in freeing the occupied territories of Croatia, and their linking up with the 5th Corps, stressing that by such action the problem of one safe area has finally been settled.

Successful Formula

"There is no longer any need for Bihac to be a particularly protected area. The survival in the region has been secured, while the fighters from [Bosnian] Krajina have been given an opportunity to fight for the freedom of all Bosnia-Herzegovina. Less damage has been caused by the influx of refugees, being chiefly men of military age, who will probably be recruited in the Serbian Army. That is a problem that we shall be able to overcome," Bicakcic says.

He points out another positive thing that both the BH Army and HVO have achieved by the joint military action, and that is the split within the self-proclaimed Pale state.

"The split within the so-called Serb Republic is apparent. The turmoil is intensifying, and the Serbs in that would-be state have a foreboding of what their future looks like: Today Knin, tomorrow Pale," Bicakcic points out.

Presidency member Stjepan Kljujic assesses the operations of the Croatian Army in both western Slavonia and Knin as brilliant, which, in his opinion, shows that when faced with well-organized actions the Chetnik army is far from being able to defend the occupied territories.

"Cooperation between BH Army, the HVO, and the Croatian Army is the only formula for the liberation of Bosnia-Herzegovina, and now it can be seen how great was the damage caused by the interruption of that cooperation in 1992. I think it is a general opinion among all patriots in Bosnia and Croatia that it is high time we acted together. According to a Chinese proverb: It is better to return from half of the wrong way than to go to the end of it. That is the principle we should follow," Kljujic says.

The influx of refugees from the recently freed Croatian territories has changed the demographic appearance of Bosnia-Herzegovina, but at the same time, according to Kljujic, it has caused disorder with the aggressor.

"One should not expect high combat morale among the Serbs who have fled Croatia, because it is clear to them that they are losing the war, and the end is just a matter of dynamics. Now it is necessary to take action while there is a split between the political and military leaderships in Pale, and to prevent them by incessant actions from consolidating their forces again. Together with the Croatian military force we should block the corridor, because it is the key to the survival of both Knin and Banja Luka. I believe we have the strength and determination to do that, which would certainly force the Bosnian Chetniks to capitulate," Kljujic says.

"The Croatian Army's action could raise certain connotations that are negative for Bosnia-Herzegovina, unless Croatia ensures all rights to the Serbs in the free areas," Muhamed Filipovic, chairman of the Liberal Bosniak Organization [LBO], says.

"Any violation of human rights of the Serbs in the Republic of Croatia would result in the deterioration of the situation in Bosnia-Herzegovina. A new wave of refugees will make the humanitarian situation even more difficult, it will raise the temperature and bellicose mood among the people, and eventually, it will produce more obligations on Serbia toward the Serbs in Bosnia-Herzegovina. It is a realistic possibility that the recent events give a boost to greater Croatia aspirations as well. The LBO supports the agreement between the Bosniaks and the Croats, it supports the Federation, but nothing more than that. We shall resist any attempt to legitimate extreme aspirations, as well as attempts to establish some Serbian-Croatian agreements at the expense of Bosnia-Herzegovina," Filipovic underlines.

Zlatko Lagumdzija, deputy chairman of the Socialist Democratic Party, considers that the state bodies of Bosnia-Herzegovina should have a uniform political, propagandistic and any other attitude toward the refugees from Croatia.

"It is evident that Milosevic has understood that he does not actually need those people, and he has simply closed the borders to the people he himself pushed into tragedy. On the other hand, I am afraid that those same people whom Milosevic has deceived will be used by Karadzic as instruments for prolonging the agony that the Pale regime has found itself in. Our state should open several fronts, political and propagandistic, in order to direct the aggressive feelings and discontent of the refugees from Croatia toward Karadzic and Milosevic, rather than toward us," Lagumdzija says.

Significance of Joint Actions

The Liberal Party of Bosnia-Herzegovina supports the Croatian forces' successful action in accomplishing their sovereign right to reintegrate the territory within their internationally recognized borders, and it considers particularly significant the joint actions taken by the 5th Corps and HVO, which only confirms the seriousness of the Split agreement.

"We express concern about the behavior of the United Nations and its bodies in settling the problem of Serbian refugees from Croatia, keeping in mind their assistance in conveying armed men and units to the territory of sovereign Bosnia-Herzegovina. Therefore we demand that compelling action be taken in the United Nations by the government of Bosnia-Herzegovina," it is said in the statement issued by the informative service of the Liberal Party of Bosnia-Herzegovina.

Stanko Sliskovic, deputy chairman of the Croatian Peasant's Party of Bosnia-Herzegovina [HSS], considers that the results achieved complicate the military-political situation in Bosnia-Herzegovina, but the new situation may be kept under control by adequate estimates of the situation.

"By these actions geopolitical and military-strategic conditions for the final and all-out liberation of Bosnia-Herzegovina and Croatia have been created. We should strike while the iron is hot, because the need for liberation of both states is urgent and identical," Sliskovic says.

Mujo Kafedzic, deputy chairman of the Muslim Bosniak Organization, thinks that the Croatian Army has undoubtedly confirmed the opinion that the great Serbian war machinery is going through a severe crisis of morale and that its combat capacity has fallen below the critical level.

"These victories have definitely made it possible to lift the Bihac blockade, and integrate the Bihac region into the Republic of Bosnia-Herzegovina, and they have also done away with dissident Fikret Abdic. One of the unfavorable consequences for Bosnia-Herzegovina is the great wave of Serbs who are streaming into the occupied territory of Bosnia-Herzegovina, among them a great number of men of military age. This will probably improve the situation among the Serbian Army lines along some parts of the front, but that should not be viewed out of the wider context of events. Most of those men who left their homes in Krajina will seek a way to dodge recruitment into Karadzic's army," Kafedzic says.

Trebinje Serbs Offer Peace-for-Withdrawal Deal

LD2208140695 Belgrade TANJUG Domestic Service in Serbo-Croatian 1256 GMT 22 Aug 95

[FBIS Translated Text] Trebinje, 22 Aug (TANJUG)—In an attempt to curb the clashes which for the last 10 days have been brewing in Herzegovina, and to reach a peaceful solution for the area, a delegation of the Trebinje municipality, headed by Bozidar Vucurovic, the president of the Trebinje wartime presidency, held talks in Trebinje today with members of the Dubrovnik-based EU mission.

The Trebinje delegation told the EU mission that the fighting between the Serb troops and the troops of the Republic of Croatia is taking place exclusively on the territory of the Trebinje municipality that was occupied by the Croats over three years ago.

A message was sent to the Croats stating that the Serb side is ready to sign a peace deal immediately, providing the Republic of Croatia Army withdraws from the occupied parts of the Trebinje muncipality.

The other option is strictly to observe the 1993 agreement providing for an exchange of territories. Under this agreement, Dubrovnik would gain parts of the Trebinje municipality in the border area and, in return, the Serb Republic would be given 30 km of the coastal strip from Prevlaka to the village of Popovici.

If the Croatian side does not accept either of the possibilities, fighting will continue until all the occupied Serb territory is liberated, the Trebinje delegation insisted.

The EU delegation is expected in Trebinje again tomorrow to report on the Croatian side's stands.

Vucurovic Criticizes City Exodus

AU2208201995 Podgorica MONITOR in Serbo-Croatian 18 Aug 95 p 21

[Article by Dino Ramovic: "Blind Passengers"]

[FBIS Translated Text] On Monday [14 August] the war presidency of the Trebinje municipality issued a statement denying a Radio Free Europe report that there was a massive evacuation of the population of that town, which was moving in the direction of Niksic and other towns in Montenegro. The war presidency of Trebinje claims that "not one family has moved out, although Dzevar, Pridvorci, Mostaci, and other suburbs are being shelled from the artillery positions of the Croatian Army almost continuously." In addition, the state media reported an additional statement by Milan Stojovic, director of Niksic Radio, that no such report, on which Radio Free Europe had allegedly based its report, had been broadcast by this local medium. It is interesting that the Trebinje leadership is denying reports from the foreign media, but not Montenegrin ones, even the state media in Podgorica, which carried almost the same story.

Namely, last Wednesday, first the Podgorica MONTENA FAX agency and then Montenegro Radio broadcast the news that a fairly large number of citizens of eastern Herzegovina were on their way to Montenegro. On the same day, the independent Antena M radio, following that trail, called up Mr. Djordje Scepanovic, the republic's commissioner for refugees, who sharply denied the rumors, calling them lies and insinuations. However, in the same program the MONTENA FAX agency report was confirmed by the Podgorica office of the UNHCR.

The next day, on Thursday, 10 August, POBJEDA published a short report by its reporter from Niksic (M.D.), which read: "Today at around 11 o'clock, a convoy with refugees from Trebinje arrived at the border crossing at Vilusi. The around 40 vehicles mostly contain women, children, and old men. We have unofficially found out that the refugees, because of the latest events in the Republic of Serb Krajina, were concerned about their own future, so they sought peace at their relatives' and friends' homes in the Niksic Municipality...."

On the same day, the independent Antena M radio spoke directly on the telephone with the mayor of Trebinje, Bozidar Vucurovic, who confirmed the report, but stressed that those people were being considered deserters, whose apartments would be taken from them and they would also be dismissed from their jobs. "We have knowledge that some families from Trebinje, knowing that large Croatian forces are concentrating between Trebinje and Dubrovnik, have left the town. But that is not upsetting," Vucurovic said, adding that those were "the same families which left in 1992, and then came back; they are the ones who want to save themselves in any given moment." Vucurovic was, to put it mildly, very harsh, calling the refugees "worse than nothing," and demanding that humanitarian and other organizations in Montenegro do not give them any help, adding that through their departure "Trebinje has been cleansed of what is worthless." Then Vucurovic tried to appease his own conscience and the listeners with the words: "There is no need to panic. The Ustashas know well that when the people leave a town, it falls, as a rule. The people are the first to leave, then the army. Neither the people nor the army will leave here." Then he added, in a sharp voice: "To all those who have gone to Montenegro, please do not give them any help, but rather send them back."

However, last Saturday, the Belgrade press published reports from the press conference held a day earlier at the Yugoslav Red Cross, where Rade Dubajic, the secretary general of that humanitarian organization, talked about the situation of the refugees. For example, VECERNJE NOVOSTI wrote: "Because of the increased tension in the Konavle region, where Croatia has been concentrating its troops over the last few days, tension has also been growing in Herzegovina and the Red Cross has registered an increasing number of refugees in Montenegro. Up to 500 people have now sought refuge in this republic, but it is believed that the number is much larger than that registered, because the majority of them have been taken in by relatives and friends. The majority of the civilian population from Trebinje, Bileca, and Nevesinje have gone to the Niksic Municipality."

Just as on state radio, the statement of the war presidency of Trebinje was announced that there was no population fleeing Herzegovina to Montenegro, but there was also a report that one refugee family had come to Budva, not from Krajina, but from Herzegovina. A BBC reporter in Podgorica found out from military sources in Herzegovina that, after the first news about the exodus of the population, border controls at the Vilusi crossing (on the other side of the border) had become much stricter and was refusing entry to men of military age, whereas entire families carrying "many bundles" had been suspicious and had been sent back to Trebinje. The same source adds that such families then went towards Bileca, meaning as far away from the front as possible.

The mayor of Trebinje, Bozidar Vucurovic, first admitted that some families had left Herzegovina, calling them various derogatory names, only to deny all those stories about refugees later, as the head of the war presidency of the municipality.

People from Niksic are claiming that there are refugees from Herzegovina, but not too many. However, out of fear or for some other reason, they have been in hiding. It seems that there is fear on both sides, together with the additional psychosis of Knin.

European Observer Mission Due

AU2308103695 Paris AFP in English
1018 GMT 23 Aug 95

[FBIS Transcribed Text] Trebinje, Bosnia-Herzegovina, Aug 23 (AFP)—A European observer mission was expected in this southern Bosnian town Wednesday [23 August] to provide Croatia'a response to a possible cease-fire accord between Bosnian Serbs and Croats in the region.

According to Zagreb, some 10,000 Croatian soldiers had been mobilised in the region, some 30 kilometres (18 miles) from Dubrovnik, to counter Bosnin Serb artillery fire against the Croatian port city.

Trebinje mayor, Bozidar Vucurevic, told AFP that Bosnian Serbs had put forward two conditions for a cease-fire.

Firstly, the Croatian army should withdraw from territory in the region occupied since 1993 and secondly Zagreb should accept the terms of a 1993 "agreement" between Yugoslavia, Croatia, and the Bosnian Serbs allowing for Serb access to the sea.

Croatians Call For Meeting

AU2308160495 Paris AFP in English
1549 GMT 23 Aug 95

[FBIS Transcribed Text] Trebinje, Bosnia-Herzegovina, Aug 23 (AFP)—Croatian authorities have agreed to meet with Bosnian Serbs in a bid to avert an offensive on this mountain town which Serbs have been using to shell the Adriatic port city of Dubrovnik, the mayor of Trebinje said Wednesday [23 August].

Mayor Bozidar Vucurevic said a mission of European observers has been acting as mediators in the conflict between authorities in Trebinje and Dubrovnik. "The members of the European mission arrived in Trebinje with a proposition from the prefect of the region of Dubrovnik Jure Buric which proposes a meeting with us," said the mayor in a brief statement.

He said the meeting could take place as early as Thursday at a venue as yet to be decided. "The fact that the Croatian authorities are now agreeing to talk with the authorities from Trebinje is already a step in the right direction to solving the problems in the region around Dubrovnik," said Vucurevic.

Croatia has massed 10,000 troops in the Dubrovnik region for what UN officials fear could be an offensive against Serb forces that have been shelling the city from hilltops across the Bosnian border.

Trebinje Front 'Much Calmer'

LD2308121895 Belgrade TANJUG in English 1202 GMT 23 Aug 95

[FBIS Transcribed Text] Bileca, Aug. 23 (TANJUG)—The Bosnian Serb Army command said on Wednesday that it was much calmer since Tuesday on the front between the Serb town of Trebinje and the Croatian port-city of Dubrovnik after 10 days of fierce Serb-Croatian fighting.

Croatian troops only occasionally opened fire from mortars and antiaircraft weaponry on the lines of separation between Bosnian Serbs and forces of the regular Army of neighboring Croatia, between the towns of Stolac and Ljubinje, and around Trebinje, the Bosnian Serb Herzegovina Corps Command said.

The statement said actions began from the Croatian side, and that the Herzegovina Corps responded with equal force.

Talks for a peaceful settlement of the conflict also affected the lull in this sector of the front. Talks are underway through the mediation of the European Union between a delegation of the municipality of Trebinje, of which a major part was occupied by the Croatian Army more than two years ago, and Croatia.

It is expected that members of the EU mission will go to Trebinje from Dubrovnik on Wednesday to present the Croatian side's stand on a proposal for a peaceful settlement of the conflict which was proposed by the Trebinje delegation.

The Serb side said it was ready immediately to sign a peace accord provided the Croatian Army pulls out of occupied parts of the municipality of Trebinje or if Croatia complies with the 1993 agreement on an exchange of territories.

Under that agreement, Croatia would get part of bordering areas of the municipality of Trebinje in the Dubrovnik hinterland, and the Bosnian Serb Republic would in exchange get 30 km of the Adriatic coast northwest of Croatia's current border with the Federal Republic of Yugoslavia.

If Croatia fails to accept either of these offers, fighting will continue until all occupied Serb territories are liberated, the Trebinje delegation said.

Croatia has concentrated more than 10,000 elite troops along the lines of separation in that region and threatens to occupy also other Serb territories which it considers a threat to the area of Dubrovnik.

Muslims Launch 'All-Out' Attack on Serb Sarajevo

LD2208213795 Belgrade TANJUG in English 2114 GMT 22 Aug 95

[FBIS Transcribed Text] Banja Luka, Aug 22 (TANJUG)—A number of Serb civilians were killed and wounded on Tuesday when Muslim forces mounted an all-out attack from the part of Sarajevo they control on the Serb locality of Vogosca north of the city, the Bosnian Serb Army command said.

In a statement released late on Tuesday, the command said that the Muslim attack had begun at 8:30 A.M. local time (0600 GMT) [as received] with artillery shells of all calibres raining on residential areas and other civilian targets in the Serb locality.

The Muslims are this time using large-bore artillery pieces which they have not had in the city before and which has been brought into Sarajevo with the help of the UN Protection Force (UNPROFOR) and humanitarian organisations, the statement said.

The Bosnian Serb command further said that the Muslim attack had been presaged by UNPROFOR's withdrawal two days ago from a checkpoint into Vogosca and dynamiting of the building they had been occupying.

The Muslims have also shelled the Serb part of Sarajevo with incendiary ammunition, setting fire to several buildings in the locality of Grbavica, the statement said.

Also, the Serb suburbs of Ilinjaca, Kasindo, and Lukavica were shelled from tanks from the direction of Mt. Igman which should be under UNPROFOR's control in line with a summer 1993 agreement, it added.

Strong Muslim forces, as well as the brunt of the European Rapid Reaction Force which is equipped with heavy armament, are stationed on Mt. Igman, about 10 kilometres southwest of the centre of Sarajevo, the statement said.

The Bosnian Serb command said its forces were returning fire selectively against Bosnian Muslim military targets, and warned that it would return fire from all weapons unless attacks on Serb civilian targets were stopped.

News agencies report that the Bosnian Muslim artillery shelled the Serb locality of Vogosca on Tuesday morning, and that the warring parties are exchanging exceptionally strong fire after the comparative calm of the past few weeks in the Sarajevo area.

At least five people were killed and more than 20 were wounded in the latest fighting, news agencies say, with REUTERS claiming that six Egyptian UN troops are among the wounded.

The United Nations could give no reason for the sudden flaring up of hostilities in the Sarajevo area, where the situation has been quiet for days, REUTERS says.

It quotes UN Spokeswoman Myriam Souchaki as saying that "we don't have any explanation but we can say that the number of outgoing and incoming shells is roughly equal at the moment."

Tuzla Air Base Shelled as Refugees Moved Out

AU2308090695 Paris AFP in English 0834 GMT 23 Aug 95

[FBIS Transcribed Text] Sarajevo, Aug 23 (AFP)—Serb forces have shelled Tuzla airbase, which still houses 3,200 refugees from the fallen eastern Bosnian "safe areas" of Zepa and Srebrenica, UN spokesman Chris Vernon said Wednesday [23 August].

Five shells landed at the airbase and two hit a refugee camp Tuesday, but there were no serious injuries, said Vernon. Tuzla is itself a UN-declared safe area.

One person was very slightly injured by shrapnel, Mario Zovko, a radio operator for the UN High Commissioner for Refugees, told AFP in a telephone interview from Tuzla.

The camp is in the process of being emptied, with 700 to 800 being bused out before the shelling occurred.

"They want to leave the camp because they think it isn't safe," said Tuzla Mayor Selim Beslagic. "Tuzla is not safe either."

Seventy-one people were killed when a single shell hit a cafe on May 25 in Tuzla.

The refugees became pawns in a battle between the government and the United Nations, with the government saying that the people who fled the safe areas of Srebrenica, which fell on July 11, and Zepa, which fell on July 25, were UN refugees and refusing to allow them to be moved to smaller, more viable camps.

The camp's population was 6,000 to 8,000 at its peak, said UNHCR spokesman Ron Redmond in Geneva.

The refugees are now in the process of being moved to schools and other accommodations in the tiny towns of Srebrnik and Zivinice outside Tuzla, said Zovko.

Tuzla Mayor Beslagic said that the refugees were also being taken to accommodations in Tuzla and Lukavac, a small town nearby.

The shelling of the Tuzla airport is the first attack on the safe area since July.

Mazowiecki Reports on Executions in Srebrenica

AU2308122195 Paris AFP in English 1850 GMT 23 Aug 95

[FBIS Transcribed Excerpt] Geneva, Aug 23 (AFP)—Serb forces summarily executed Moslems after seizing the eastern Bosnian enclave of Srebrenica, a former UN human rights rapporteur said Wednesday [23 August]. Tadeusz Mazowiecki, presenting his final report on the former Yugoslavia, said there was evidence the executions may have taken place on a massive scale but that it will be impossible to know for sure unless the Serbs grant access to Srebrenica. [passage omitted]

Mazowiecki, whose report was based on witness accounts, said there were nearly 15,000 military-age men in Srebrenica, most of them civilians, before the enclave fell to the Serbs on July 11. The Red Cross has estimated that 10,000 people, mainly military-age men, disappeared during the offensive.

One witness told of how he and about 2,000 other men surrendered to the Serbs in the village of Kravica, but one night "groups of five to 10 men were taken out of the trucks at a time, put in a line, and then shot by a group of Bosnian Serb soldiers."

The witness said he saw about 100 bodies and managed to survive by playing dead. He added that the men were held in harsh conditions and even forced to drink their own urine.

Another witness described how "Bosnian Serb soldiers killed people at random, grabbing the hair of the victims and slitting their throats."

The report also quotes "an international witness" and a displaced person as saying they saw between 300 and 500 men in a football field at Nova Kasaba, near Srebrenica. Most of the men were wearing uniforms and nearby was a pile of dead bodies, the witnesses said. [passage omitted]

"Further conclusions particularly in terms of the total number executed and the fate of those unaccounted for cannot be drawn without...the examination of the sites in question, the exhumation and examination of corpses which may be found, and until further information is available on those still reported missing," he said.

His report lends weight to satellite photographs which U.S. officials said show mass graves the Serbs dug in the region to bury victims of mass executions. The photographs, presented to the UN Security Council this month, show crowds of people near a football stadium shortly after the enclave fell and an empty field with freshly dug earth. U.S. officials said one witness account also indicates that Serbs executed up to 2,700 unarmed men they had taken prisoner in Srebrenica.

Mazowiecki added in his report that he backed the idea of designating certain regions in Bosnia as UN safe areas but said the concept was only applied on paper and not on the ground. He said he was still in favor of protecting the enclaves but with the necessary means of enforcement. Srebrenica was one of five UN-designated safe areas in Bosnia.

UN Presses for Access to Graves

AU2208141395 Paris AFP in English 1354 GMT 22 Aug 95

[FBIS Transcribed Excerpt] Sarajevo, Aug 22 (AFP)—The UN chief of mission, Antonio Pedauye, pressed Bosnian Serb leader Radovan Karadzic for access to what is believed to be mass graves near Srebrenica, UN spokesman Alexandre Ivanko said Tuesday [22 August]. Pedauye, the civilian head of the peacekeeping troops here, met with Karadzic and other Bosnian Serb leaders in Pale, their stronghold in the hills outside Sarajevo, on Monday.

The UN official "reminded Dr. Karadzic of the letter" from Yasushi Akashi, the top UN official for peacekeepers in the region, "concerning the access, by both humanitarian and human rights organizations for Srebrenica." Ivanko described the meeting as an "open and frank" discussion but gave no indication that authorization would be forthcoming.

The United Nations has in particular been demanding access, with no success, to an area of disturbed earth where victims of massacres following the fall of Srebrenica on July 11 are believed to be buried. "Dr. Karadzic promised to look into this matter," said Ivanko. "He was given the letter from UNPROFOR [UN Protection Force] on this issue and he said he will study it."

An estimated 6,000 people, mainly men of draft age, are missing following the fall of the town. They are presumed dead.

Also at the meeting, Pedauye discussed the U.S. peace initiative, possible opening of the Sarajevo airport, restoring water and electrical service to Sarajevo, and Ukrainian peacekeepers hoping to leave Gorazde.

An equipment convoy has been allowed to leave Gorazde for Sarajevo, but a convoy bringing most of the 90 Ukrainian peacekeepers out has not yet received authorization to move, according to UN spokesman Chris Vernon. [passage omitted]

Karadzic on Need for Unity, Territorial Defense

AU2208174095 Banja Luka Srpska Televizija in Serbo-Croatian 1830 GMT 21 Aug 95

[Interview with Bosnian Serb leader Radovan Karadzic by Vedran Skoro in Pale on 21 August—live]

[FBIS Translated Text] [Skoro] In the past couple of days, we have been witnessing special warfare against the Serb Republic; we have been flooded with various kinds of disinformation designed to weaken and destabilize our republic and undermine the high morale of our soldiers and our people. One such example of disinformation is that a military coup occurred in Pale and that you are under arrest. Of course, it is not necessary to issue a denial, but do tell us who is spreading and propagating these rumors and why have they culminated at this critical moment?

[Karadzic] They are being propagated by all our opponents who cannot take away from us on the battlefield or at the negotiating table what is ours and what we have. Of course, there is a great number of such opponents and, unfortunately, some of them are Serbs. Not from the Serb republics, but from some Serb lands. This is a special kind of a very intensive special warfare designed to create tension. Fearing for the Republic of Serb Krajina just before its fall, I decided to transform the supreme headquarters into the General Staff. I have suspended this decision and have given up making these changes while the Serb nation is in danger. In other words, you may consider it revoked. However, an artificial tension between the state leadership and the military commands, which are state bodies as well, is being perpetuated in an attempt to create a feeling of fear and uncertainty and to make people leave their homes fearing a great offensive. Of course, these are well constructed tactics. The CIA knows how to do that very well. Unfortunately, some left-wing elements are also poisoning the Army, poisoning the souls of our young soldiers with all sort of rumors, which must be condemned and prevented; otherwise they may lead to horrible results.

[Skoro] They are hoping to use the rift between the military and political leaderships as their trump card.

[Karadzic] Yes. The allegation that a military coup had taken place is a fabrication; it is nonsense. We know exactly what each of us is supposed to do according to the Constitution. There is no particular tension with regard to that. Everybody is doing his job. Statements and reports are being exchanged. After all, we have a very strong structure of authorities. It involves tens of thousands of people and several hundred thousand members of the ruling party. The situation on the ground is completely under control. The Army is dealing with the enemy very successfully. So this story is absolutely inappropriate and our people should know that. Of course, the enemy knows that it is inappropriate; otherwise it would not have invented such stories.

[Skoro] Some Serbian media, unfortunately, are acting as an accomplice to this foul play. Even the state-owned Serbian Radio and Television frequently broadcasts commentaries, I dare say they are to order, and exerts pressure on the leadership of the Serb Republic, blaming Pale for the fall of the Republic of Serb Krajina. However, the Serb nation west of the Drina, and those in Serbia, too, do not understand what is going on and who wants to break the unity of the Serb nation.

[Karadzic] You see, there are two requirements. The first is to conceal and push into the background their feeling of guilt and responsibility for the fall of the western part of the Republic of Serb Krajina. It is absolutely clear who was able to defend and ought to have defended the Republic of Serb Krajina. First of all, the military structure of the Republic of Serb Krajina should have organized and implemented resistance and defense, which it did not do. Second, there was Yugoslavia, which guarantees the Vance Plan. Furthermore, they need to isolate our leadership to stop the negotiations. It is common knowledge that the head of the negotiating team authorized by the Assembly, with regard to some of our basic needs for territory, status, etc., is absolutely unbending and incorruptible. Now even the Americans and foreigners are trying to spread the idea that the military command, i.e. Mladic or somebody else, would be more yielding. We know about Mladic, we have resolved all matters at the level of the supreme command and they are wrong in thinking that anyone in the Army could accept [changes thought] first of all, that would be illegal, for the Assembly has to ratify it and will not accept anything that is unacceptable. Second, the soldiers are no more willing to yield as regards our basic needs. These manipulations involving Gen. Mladic are actually doing him a disservice. For instance, borders are being clogged because people are allegedly not allowed to pass without Gen. Mladic's signature. Gen. Mladic did not request this; he has offered assurances that he made no such requests, nor that he is involved in this. Consequently, somebody is trying to determine who will be supreme authority in this country or is trying to determine who will negotiate.

Somebody is trying to disunite the Serb Republic structures. I think our people must realize that this is a crucial moment, as I have come to understand as well, and have given up making some changes that the army did not like, as all of us must do our best for the prosperity of our state and our people. Gen. Mladic or any of us. If the people want us, for the sake of our country, to walk on our hands, or to die, or to do anything, it is our duty to do whatever will give our people their state and our people must fight against rumors, not allow any divisions, and not allow rifts. Every young soldier must spurn those who ask him to say whether he supports Mladic or Karadzic. This is one army, one country, one nation. Karadzic and Mladic belong to the same Army, together with those soldiers. I am convinced, having learned from the experience of our centuries-old divisions, that our people will understand. Our people must recognize those who spread rumors on the streets. There are rumors about political circumstances, geographical circumstances...

[Skoro] ...about the selling off of territory as well. This word has often been used since the fall of the Republic of Serb Krajina. We now hear rumors about the selling of western Sarajevo, about the surrender of Trebinje even, as well as about some other parts of the Serb Republic.

[Karadzic] Rumors that a territory has been sold are always followed by offensives. Why launch an offensive if the territory has been sold? Such rumors aim to weaken the vigilance and determination of our troops, so that the enemy can achieve more. Nothing has been sold! These are just rumors designed to undermine our defense.

[Skoro] Fortunately, the Serb Republic is not susceptible to disinformation. Fighting reports on the further successes of Serb soldiers are a case in point. Highly significant progress has today been made on the Drvar front and in the area toward [Bosansko] Grahovo. Some lines were pushed forward by up to 4 or 5 kilometers. What lies in store for us? Can we expect new successes?

[Karadzic] Of course. The Serb soldiers are today among the best trained armies in Europe. The myth about the Croatian soldier was laid to rest when they fought our soldiers in the Drvar area, when almost 70 Croats were killed. Croatian troops use artillery to shell from a distance, but where our soldiers are well prepared, fortified, where they wait for the Croatian infantry, the Croatian soldiers get the worst of it. Our Army will win, maintain and preserve all our borders, and secure a favorable position for negotiations, there is no doubt about it. Most important, we have already shown our soldiers and our people that the Croats are no good as soldiers, that Croats were never soldiers, that they were nothing more but pettifoggers, that they engage in law and trivialities. The Croatian soldier has never been a match for the Serb soldier.

[Skoro] But the Ustashas [World War II fascists] are preparing for another offensive, i.e., aggression against the southern parts of the Serb Republic. They have massed heavy forces in the Dubrovnik hinterland. This means that they intend to attack Trebinje. The international community sees that but remains silent and does not condemn it. What will be our response if the Ustashas dare to attack Trebinje, eastern Slavonia, and Sarajevo?

[Karadzic] If it were up to the international community, we would not exist. Fortunately, we rely solely on God and our weapons and they have not failed us yet. Yugoslavia must defend eastern Slavonia, I must say this openly. There is no other way. Yugoslavia must help regain Krajina, to regain the territory so that people can go back. As regards the Serb Republic, we will defend it ourselves. If they attack Trebinje, we have the means, and they already have attacked, we have only launched counteroffensives, they will regret it, the chickens will come home to roost. I think Croatia is heavily mortgaged for what it did in the Krajina, so that many factors in the international community will say "Stop!" But only when we stop them on the battlefield. If the Republic of Serb Krajina had managed to defend itself for some 15 to 20 days, the international community would have stopped Croatia. All Serbs must consider the possibility, i.e., make a choice and opt for the liberation of Krajina.

[Skoro] Recently, after the occupation of the Republic of Serb Krajina, to be precise, the international community has intensified its diplomatic activities in contacts aimed at trying to revive the peace process. This time, to judge from the information available to the public, [word indistinct] peace plans and the peace plan of the United States seem to have a more realistic approach to the crisis in this area than before. Can we say the international community now has a different approach to the crisis in the Balkans?

[Karadzic] I believe there have been certain changes in policy, not toward the Serbs all that much, but toward the real situation, the reality on the ground. I think the international community has realized that if it wants to overcome the crisis, and I think that they all have their reasons to see it end, it can be overcome only if the new reality is taken into consideration. The new reality is that the Serbs control so much territory, that they include their main territory, that they want to liberate some other territories, and so they must negotiate with the Serbs, because they cannot have a solution that goes against the Serbs.

[Skoro] And to give us confederal ties with our mother country, like that of the Muslim-Croat Federation with Croatia?

[Karadzic] Yes. Unfortunately, we created the border at the Drina ourselves. I hope the border will eventually disappear. However, the international community moves at its own pace; it wants to preserve a semblance of Bosnia-Herzegovina as a kind of union. That is open for discussion, but we will not negotiate on the fact that we are a sovereign nation and that we can make decisions on the basis of that sovereignty.

[Skoro] Has today's meeting in Pale between the state leadership of the Serb Republic and [name indistinct], head of UNPROFOR [UN Protection Force] mission for former Bosnia-Herzegovina, been true to that orientation? In other words, is the news encouraging, do you have a feeling that the international community has given up the policy of double standards?

[Karadzic] UNPROFOR has always claimed to be unbiased. This was my first meeting with [word indistinct], who is some sort of Akashi for former Bosnia-Herzegovina. They have changed their structure a bit. Of course, we exchanged some information. We drew a line beyond which we will not go because the Assembly makes all the decisions here, sometimes even the people in referenda. I think that this was a useful visit and contact and that there will be more.

[Skoro] Many commentators in the Western media have today warned that the death of U.S. Ambassador Robert Frasure has brought more uncertainty to the negotiations process, which, they predict, will slacken off. Will the negotiations process slacken off, and can we soon expect to see another conference on former Yugoslavia? And another question that we all want to ask is: Will this war end soon? We have lately heard much about this. Western commentators in particular say that this war will end by the beginning of the winter, by either military or political means, but they say that the war will end come winter.

[Karadzic] You see, those negotiators who were killed had broad experience. They must have had some agreement up their sleeves, and this could slow the negotiations down. I must say that what the international community cares most about is to kick us out of the negotiation process. And that is not good. We want to cooperate with Belgrade, negotiate together with Belgrade, but nobody can negotiate instead of us or on our behalf, for we must eventually present it before our Assembly, before our people. As for the game involving our officers, some of them were trapped into cooperating with UNPROFOR's civilian structures, which was quite wrong, for if we are not a state, if we do not have a Constitution, laws, if we do not have institutions such as a president, a Presidency, an Assembly, and a Government, we are a rebel territory within Bosnia-Herzegovina. All our officers must realize that they should do their jobs in keeping with the Constitution, if the state bodies do their jobs accordingly. By bypassing the state leadership, they would slow down the process and buy time for the Croats and the Muslims to do something on the battlefield.

As for the end of the war, our soldiers must think that this war will never end, but they must not become complacent. However, there are the signs that you mentioned. The international community has its reasons to end the war as soon as possible: the United States has election reasons, Europe has its own reasons. And there could be a fortunate set of circumstances with all the factors that count in this war, except perhaps for the Muslims, who do not want peace, agreeing that this war must end. The Serb policy is that the war should end right now, and we will be very cooperative and flexible with regard to that. But, of course, within the framework of Serb national interests, which neither those of us who negotiate nor anybody who might attempt to negotiate on our behalf, will ever betray.

[Skoro] Some say an end to this war depends on the United States, but the United States seems to have intensified the peace process. It seems to be in a hurry. Is it and why?

[Karadzic] Yes, it seems to be in a hurry. President Clinton is now facing some difficulties. He vetoed the bill on lifting the arms embargo, but the Senate can override the president's veto if two-thirds or more congressmen want that. The power of their president is limited. We have a 50:50 requirement when a bill is vetoed, they have 66.6 percent. The bill would then be overridden and the embargo would be unilaterally lifted. Moscow would then unilaterally lift the embargo on Serbia, Iraq, Libya, etc. In short, the existence of the United Nations and their resolutions would be jeopardized. That is why Clinton is in a hurry to have something tangible by 15 September, when members of Congress return from vacation. The United States has its own reasons to expedite the process and I think that the world would not like to see Clinton cornered like this, resolutions going down one by one, an end to the world order.

[Skoro] In other words, we must defend our territory until the beginning of the peace process.

[Karadzic] Yes, that is true. The reality on the ground is decisive and crucial. Of course, since they cannot harm us by military means, they have resorted to special warfare. Unfortunately, we must often address our people and explain the purpose and meaning of special warfare. The purpose of special warfare is to destroy Serb unity, to undermine our defense, to bypass the state leadership, which has a very firm negotiating position, to make us into a territory, and it is absolutely against the interest of our nation to remain in Bosnia-Herzegovina. Unfortunately, as I said, they were not just foreigners and enemies, but also some neoleftist, neocommunist ideologies that say that we are brothers regardless of the bloodshed, and aim to confuse and disunite the Serb nation and bring about its capitulation, i.e. make it accept a plan that is unacceptable, or possibly send it into exile. We have very firm authorities here. The Army is strong, the state is strong. We will not allow it, we will start energetically pursuing those who spread such disinformation and rumors.

[Skoro] To conclude, we will endure it all, as we have so far.

[Karadzic] We have had worse days and I hope what lies ahead will not be so difficult.

[Skoro] Thank you, Mr. President.

Mladic Advised U.S. Team on 'Safest Routes'

LD2208192495 Belgrade TANJUG in English 1850 GMT 22 Aug 95

[FBIS Transcribed Text] Banja Luka, Aug 22 (TANJUG)—UNPROFOR Commander for Bosnia-Herzegovina Lt.Gen. Rupert Smith thanked Tuesday the Chief of Staff of the Bosnian Serb Army General Mladic for his help following the accident in which three members of the U.S. negotiating team were killed.

In his answer to General Smith, Mladic expressed hope that this gesture would strengthen the trust and cooperation between the Bosnian Serb Army General Staff and the UNPROFOR command for Bosnia-Herzegovina.

Mladic said in his letter that for the sake of truth, he wished to inform General Smith that he had proposed through competent Yugoslav bodies to the U.S. delegation before its departure from Belgrade for the planned meeting in Sarajevo the two safest routes through the territory of the Bosnian Serb Republic, one from the east via Zvornik and Pale, and the other from the west via Kiseljak and Ilidza.

Mladic said he had made his proposal in writing, guaranteeing to the U.S. delegation safety though Bosnian Serb territory without any control, waiting or procedure along the proposed routes.

For the sake of correct informing of the public, Mladic asked General Smith to notify UNPROFOR and competent bodies in the United States of these facts.

Serb Deputy Urges Karadzic To Support FRY Line

LD2208212595 Belgrade TANJUG Domestic Service in Serbo-Croatian 1716 GMT 22 Aug 95

[FBIS Translated Text] Belgrade, 22 Aug (TANJUG)—Momcilo Micic, an independent deputy in the People's Assembly of the [Bosnian] Serb Republic, today sent a message to President Radovan Karadzic asserting that it is high time for him to support the political platform pursued by the Federal Republic of Yugoslavia [FRY], without any delay.

"If you are incapable of doing this, then you should let the People's Assembly to decide for itself which road it will take," Micic said in an open letter to Karadzic.

Micic warns that it is not just the fate of the Serbs in former Bosnia-Herzegovina that is at stake now, but also the fate of the entire Serbdom, which makes the interests of individuals, regardless of their importance, secondary.

Serb Official Warns of 'Anarchy' in Banja Luka

AU2208180295 Banja Luka GLAS SRPSKI in Serbo-Croatian 17 Aug 95 p 3

[Report by Milkica Milojevic: "We Must Protect the City"]

[FBIS Translated Text] Many problems have emerged in the central parts of the Serb Republic with the wave of refugees from Krajina and the temporarily occupied and border regions of the Serb Republic, among others looting, thieving, forceful moving into apartments and houses, and harassing even of families of killed soldiers and war invalids, and of those whose men are on the front defending the Serb Republic. The Serb Republic Government has taken a decisive view: these cases will be treated as any other criminal act.

The Serb Republic has its laws and instruments for their implementation, and individuals cannot, under any circumstances, "take the law into their own hands."

Kicking Each Other Out

Banja Luka, as the largest city in the Serb Republic, and one that is on the crossroads of the refugee movement from the west, is particularly exposed to the danger of violence and anarchy. What has been done to "introduce order" in this city, as has been promised by the Serb Republic Government? What is the message to refugees that have found temporary refuge in Banja Luka? We spoke about this with Predrag Radic, chairman of the war presidency of Banja Luka.

"The government has decided on these measures, but what is said and written down at the government session is one thing, that law and order will be restored, and what is happening is another," Radic says. "I expected that there would be an immediate organized attempt at fighting these criminal acts, I must call them that, which will have unforeseeable consequences. It is not that they are only stealing, but they are also kicking out of their own apartments the families of killed soldiers, and families of the Serb Republic Army soldiers that are on the front. They have also started kicking each other out. The Glamoc people are kicking out the Drvar people, and the Knin people are kicking out the western Slavonia people, all the while arguing who was a better soldier. I wonder what kind of chaos we are heading into if this continues. I am appealing now to Jovo Rosic, deputy interior minister, to undertake concrete measures, to deploy the police, to deploy the military police with the agreement of the Army, and protect this city.

"The government has tasked the Ministry for Veterans' Affairs to organize intervention patrols to protect the families of the Serb Republic Army soldiers. Whether these patrols have been formed is still unknown even to deputy minister Rosic. This morning I was informed by Vojislav Gligic, deputy minister for veterans' affairs, that such patrols will be formed out of healthy war invalids," Radic says. "However, it is not good when the interests of the veterans' families have to be protected this way, on top of the police and the military police. It is horrible and a great shame when a refugee kicks out an invalid on crutches from his own house!"

Robbery Is No Solution

Banja Luka was a packed city even before this exodus. Can those who have moved into apartments and houses in any which way in Banja Luka now expect to have their status legalized? Can any of the refugees consider that to break into an apartment is to solve ones accommodation problem?

"I have been warning them for a long time now that anyone who has moved in illegally into anybody's apartment or house will have to leave them under the threat of law," Radic is adamant.

"We have to understand that we have in Banja Luka a large number of fighters whose accommodation has not been sorted out, and we also have 13,000 refugees from before, so their problem has to be sorted out, too. All those who move into apartments illegally, and expect that to be legalized sooner or later, are very much mistaken. The priority in solving accommodation problems is given to families of killed soldiers, 20 percent of which we have still not solved, and then war invalids, and then all the fighters in accordance with the law and their engagement in their units. Only then can we discuss solving the refugees' accommodation. Banja Luka cannot receive all the refugees that find themselves here, while there is plenty of room in the Serb Republic for everyone. Those who have moved into Banja Luka only have temporary permission until we can decide on permanent solutions, and the compensation for citizens that have lost their property in the war, as has been regulated by international law. Robbery solves noting.

"That is why I suggest to the refugees that have found themselves in Banja Luka to cooperate to the maximum with the citizens of Banja Luka, and to be patient until the issue of Glamoc and [Bosansko] Grahovo is solved, and the territory of the Serb Republic is settled. Fortunately for us, there is plenty of room," Radic says, adding that "only legal measures and means of state coercion can preserve peace and order in Banja Luka.

"The organization of the state is such that the municipalities and the mayors do not have the instruments to force the citizens to behave in accordance with the law," Predrag Radic says.

Paper Reports 'Deserted' Villages as People Flee

AU2208140195 Belgrade POLITIKA EKSPRES in Serbo-Croatian 20 Aug 95 p 10

[Report by B.I.S.: "Fear Drives People Away"]

[FBIS Translated Text] The latest wave of the refugees from the Republic of Serb Krajina, which stretched from Prnjavor to Modrica, unfortunate families that left their homes in horse-driven carts, crossed the bridge at Raca yesterday. Over 2,000 people are on the move toward Bosut in some 500 carts.

Poorly dressed, as they left their homes on a hot day, in T-shirts and without shoes, they received clothes at reception centers. There are reception centers every 10 kilometers from the border crossings at Raca and Pavlovica Most to the motorway, but the stocks of food disappear fast.

According to some estimates by the Serb Republic Security Center, about 150,000 people can be accommodated in villages between Prnjavor and Brcko, along the stretch of the road that the refugees passed. However, the convoy got longer in every of these villages. Even those who had planned to stay in their homes as long as possible, who had considered Knin to be the bastion of Serbdom, had their hopes dashed when they saw the convoys of exhausted people. Hence, many families quickly reached the decision to move to Serbia.

On the way through the villages from Bijeljina to Brcko one can see only an occasional inhabited house, and even in these hasty preparations are visible for departure into uncertainty.

The villages around Brcko are deserted. The houses are in semi-ruins, and the windows are broken. The roads are pockmarked by shell craters. Perhaps this could all be fixed but there is no one to do the work. Everyone is on his way to Belgrade, and further on to the south.

The fear of war and the news arriving with the convoys of refugees have made many families on this side of the Sava carry out preparations for departure. This mood can be felt in Raca and all the way to Bosut. Although the corridor is 60 kilometers away, and the front over 100 kilometers away, few people feel safe and far enough.

HDZ Calls For Mujahedin To Leave Republic

LD2308122795 Belgrade TANJUG in English 1154 GMT 23 Aug 95

[FBIS Transcribed Text] Belgrade, Aug. 23 (TANJUG)—Bosnian Croat political leader Dario Kordic called on the Muslim government in Sarajevo Wednesday immediately to move out all mujahedin units from Croat populated areas in central Bosnia, Bosnian-Croat Radio Herzeg-Bosnia reported.

The president of the Croatian Democratic Union (HDZ) for Bosnia-Herzegovina warned the Muslim government that the relocation of the mujahedin from central Bosnia was a precondition for any future talks on how to have the Muslim-Croat federation finally start functioning in practice, the radio said.

The Bosnian-Croat radio station had reported Tuesday that Muslim extremists had expelled 15,000 Croats from the area of the town of Zenica since the agreement on the federation was signed under pressure from Washington in March 1944.

Kordic specified that units made up of foreign mercenaries from Arab countries were stationed in Zenica's suburb of Podbrezje and in the areas of Kakanj, Travnik, Guca Gora, and Kalinic.

Radio Herzeg-Bosnia said foreign mercenaries continued to intimidate the Croat population and to plunder their property.

Kordic expressed great concern because, despite promises as to otherwise, Muslims in the area of Zenica had not ceased destroying Catholic religious objects.

Kordic gave as the latest example of the vandalism and barbarism the destruction of all crosses and tombstones at the Catholic cemetery in the Zenica suburb of Crkvice Monday.

UN Reports Army Continues Killing Krajina Serbs

LD2208154595 Belgrade TANJUG in English 1504 GMT 22 Apr 95

["Pool" item]

[FBIS Transcribed Text] Zagreb, Aug 22 (TANJUG)—The Zagreb-based UN Command said Tuesday it had reports about [words indistinct] killing Serb civilians and burning down their houses in the Republic of Serb Krajina. UN spokesman Christopher Gunnes told newsmen that 13 houses were ablaze in Donji Lapac, sector south, on Sunday, while UN observers noted more killings.

He said that in the village of Kakanj on August 18, two weeks after the Croatian Army attacked Krajina, two Croat soldiers killed two villagers and beat down one villager. In the same village, UN observers later sighted another two Croatian soldiers throwing a beaten Serb out of his house which they set aflame, Gunnes said.

UN representatives have intermittently warned against Croatian troops' systematic looting and burning down Serb houses, killing and maltreating those few remaining Serb civilians after Croatia's early August aggression against the Republic of Serb Krajina which had driven out nearly all of its 250,000 inhabitants.

Granic: Army Acted Professionally

AU2308131895 Vienna DER STANDARD in German 23 Aug 95 p 2

[Interview with Foreign Minister Mate Granic by Z.P. Gwozdz in Zagreb on "the eve of his visit to Austria": "Croatia's Soldiers Behaved More Than Professionally"]

[FBIS Translated Text] [Gwozdz] Has the quality of relations between Zagreb and Vienna changed after the condemnation of the Croatian military operation by the Austrian chancellor?

[Granic] We were not satisfied with the statement and expressed our displeasure. Austria belongs to the major states in our region and has been traditionally linked with us in friendship. Austria has made a decisive contribution to Croatia's recognition and provided enormous humanitarian aid.

[Gwozdz] What is the purpose of your visit to Vienna?

[Granic] Vienna is the first capital that I am visiting after "Operation Storm" by the military and police (in Krajina). I want to explain all objectives and reasons for the operation and discuss the further course of the peace process.

[Gwozdz] The "International Helsinki Federation" and the United Nations speak of brutal and systematic attacks on civilians, of pillaging of looting during this operation.

[Granic] Croatia has for some time been dissatisfied with the biased reporting of Chris Gunnes, UNCRO [UN Confidence Restoration Operation in Croatia] spokesman, which also turned out to be false during Operation Lightning operation in western Slavonia. I will for the first time present complete figures of the civilian casualties in Vienna. I can state at this point that the number of casualties, particularly civilian ones, is extremely low by all standards in view of the size of the operation. All casualties have been registered and buried in harmony with the rules of international humanitarian law. The list of victims will be forwarded to the International Red Cross. There can be no talk of massive attacks. The Croatian soldiers behaved more than professionally.

[Gwozdz] How do you explain the burning houses?

[Granic] We resolutely condemn the pillaging. However, one must not forget that during the aggression against Croatia in 1990-91, 210,000 Croatian homes were destroyed or seriously damaged in the areas alone that have never been conquered. When people now returned, acts of revenge and crimes occurred.

[Gwozdz] Yet, only the Croatian military was in Krajina.

[Granic] Everybody wore a uniform in this region. The Croatian Army was by no means involved. I expect a tough discussion of this problem at the session of the government scheduled for Wednesday [23 August] and a punishment of these offenses because it is, above all, Croatia that has been damaged.

[Gwozdz] How sincere are the calls for the return of the Serbian population?

[Granic] I am deeply convinced that the Croatian public and the government would have been very happy if the people who recognize Croatia as their state and their fatherland would have stayed. When it became clear that the Croatian Army would be successful, the exodus of these people was organized and encouraged by Belgrade. Many individuals want to return but are prevented from doing so by Belgrade.

Susak: Army Ready for Action in Eastern Slavonia

LD2308142095 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 23 Aug 95

[FBIS Translated Excerpt] Defense Minister Gojko Susak has received French military envoy Brigadier

Georges Ledeuil, who was making a farewell visit. The brigadier was accompanied by French Ambassador to Croatia Jean-Jacques Gaillarde and Colonel Bernard Francois, the newly appointed French military envoy.

Gojko Susak informed his visitors about the military and political situation, in particular the increasingly frequent shelling of Dubrovnik, and expressed the view that Croatia will not be able to tolerate such attacks.

The visitors were particularly interested in the situation in eastern Slavonia, where the army of so-called Yugoslavia is massing its forces. The Croatian defense minister reiterated the call to the international community to use diplomatic and political action to help return this remaining occupied part of Croatia to the constitutional and legal framework of the Republic of Croatia, because unless such action is undertaken Croatia is not willing to wait very long for this area to be liberated.

In response to the comment that any military action by Croatia could also involve Serbia in the war, Susak replied that he does not believe such intervention will happen for a number of reasons, but if it does the Croatian Army will be capable of carrying out its task in a shorter time than Operation Lightning to liberate western Slavonia.

At the end of the meeting both sides expressed the view that Franco-Croatian relations as a whole have taken on a new dimension from the point of view of further broadening cooperation, which is in keeping with the friendly relations between the two sovereign states. [passage omitted]

Hadzic: Slavonia Ready To Defend

AU2308091495 Belgrade BORBA in Serbo-Croatian 22 Aug 95 p 5

[Interview with Goran Hadzic, president of the Coordinating Body for eastern Slavonia, by Milena Tanjga; place and date not given: "We Are Ready To Defend Ourselves"]

[FBIS Translated Text] Following the tragic fall of the western parts of the Republic of Serb Krajina, the eyes of the Krajina inhabitants and other Serbs are now turned toward eastern Slavonia. People are anxiously asking themselves whether at least this part of the Republic of Serb Krajina will be preserved, whether there is a danger of internal political squabbling that had prepared the ground for the gradual Croatian military victory in the western part of Krajina, and whether eastern Slavonia is militarily well fortified. We spoke about all these issues with Goran Hadzic, the first president of the RSK [Republic of Serb Krajina], who is currently president of the Coordinating Body for eastern Slavonia, Baranja, and western Srem. A kind of minigovernment of the east, the remaining part of Krajina consists of the most prominent representatives of military and civil bodies in eastern Slavonia, Baranja, and western Srem. Its aim is to prevent anarchy and to coordinate civil and defense affairs in the eastern part of Krajina.

[Tanjga] Mr. Hadzic, what is the situation like in the eastern part of the Republic of Serb Krajina after all these tragic events and the shameful fall of the western part?

[Hadzic] The situation is fairly stable. The people are shocked and deeply affected. They feel the emptiness created with the loss of the western parts of Krajina due to the malfunctioning of the state. However, we will overcome this through the Coordinating Body, that is, a regional council that we plan to set up.

[Tanjga] What is the morale of the people like, is there any panic in view of a possible Croatian aggression on this part of Krajina?

[Hadzic] The danger of aggression has been present here all the time. We have a state of neither war nor peace, but there is no panic and morale is high. The awareness that Serbia is behind us is giving us courage and moral strength to fight for this part of the Republic of Serb Krajina. If Croatia attacks us, we are ready to defend ourselves.

Safe Defense

[Tanjga] So, there is no fear of a military defeat in eastern Slavonia, Baranja, and western Srem?

[Hadzic] I am sure that our defense is safe. Here, we can only go in a counteroffensive; there is no way of us losing any part. The Croatian Army has shown in the western part of Krajina that it is not an army at all. It walked in there only because we fled. They have not conquered anything militarily; they conquered it because nothing was defended. We are not afraid of them and I am sure that they cannot come here.

[Tanjga] Mr. Hadzic, you were the first president of the Republic of Serb Krajina. You are one of the founders of the youngest Serb state. How do you personally experience all these events? Has the entire struggle of the Serb people since the 1990 been annulled in an indeed cruel way?

[Hadzic] I was accused of promoting Slavonian separatism, secessionism, and other things because I pointed out the mistakes made by the Knin leadership. I am not too happy that I was right about many things, about many negative things that I had pointed out. All this is too high a price. I treated and still treat Krajina as my child, and now I feel as I have lost someone very dear to me. I do not know how it happened that such people, people who irresponsibly played with the people's fate, were entrusted with such positions.

[Tanjga] Is there a danger of the virus of Knin conflict, the syndrome of disharmony, to now move in the eastern part of the RSK? What is cooperation like among political structures in the eastern part of the RSK? Can this tragedy serve as a lesson?

[Hadzic] The clashes that occurred there were obviously fabricated. Such clashes do not exist here among us. Here, the political leaders are united, as surely are the military and police leaders. I expect that a solution will be soon be found for this remaining part of Krajina, and that everything will be revealed.

[Tanjga] You have practically received the entire population of western Slavonia. Can you tell us something about the refugee situation?

[Hadzic] In the first days of the war we received some 50,000 people from western Slavonia. After that we received another 8,000. Whatever houses were suitable for living were given to the refugees. At present only a small number of people from the western part of Krajina are coming here as the situation is still unstable. Those that are coming are mainly staying with their relatives and friends. There are many people here who are originally from Kordun, Banija, Lika, and the Knin Krajina, and all of them are taking their relatives in their houses. We also have fighters coming here. They were ordered without any reason to withdraw. They are not cowards, and they have come to defend a part of their country in which there will be no orders to withdraw.

Situation Under Control

[Tanjga] With the loss of western Slavonia and especially the loss of the western part of Krajina, the Assembly and the Government, and especially the institution of the president of the RSK, have been extinguished. Has the Coordinating Body been set up because of the need to ensure the functioning of the military and civilian authorities in the war conditions?

[Hadzic] We do not have the ambition to be a government. We only think that there is a need to set up an organization so that the people have some kind of organized authorities. We do not want the be beheaded in this situation. The fact that the Coordinating Body has not begun to function properly yet is a result of some internal organizational problems, but this will be solved in the days ahead. The war cannot be waged without the functioning of authorities and without policies, and we are now working on this internal consolidation.

[Tanjga] What are relations between the Coordinating Body and the government of Mr. Babic and the Assembly? Do you cooperate with them, and in what areas. Did any of them contact you about the organization of authorities in the eastern part, or expressed concern about the preservation of this part of the Republic of Serb Krajina?

[Hadzic] Unfortunately, none of them have contacted us, neither the president of the republic, nor the Government, nor the Assembly. We find this incomprehensible, simply incomprehensible. We do not know where the president of the republic is. The head of the government and the majority of the ministers were in Belgrade two days before the fall of Knin. They could have contacted us, but they did not. To be honest, we are glad that those who left the people in the lurch, who fled before these poor people, did not pass the syndrome of capitulation and retreat to the eastern part of the RSK.

[Tanjga] With your appointment as the president of the Coordinating Body for eastern Slavonia, Baranja, and western Srem, you have returned to the political scene in very dramatic circumstances for the Republic of Serb Krajina. Does this represent a more sensible and more peace-oriented current in Krajina's politics?

[Hadzic] I am sure that had a more sensible policy been conducted on the territory of the Krajina as a whole, our state would have survived. This is the worst thing that could have happened to us. Everything else would have been better. This year I have always been with my people, I have been present in this area all the time. Time will show how and to what extent I will be involved in this job.

[Tanjga] What is the atmosphere like among the people in eastern Krajina. Is there any emigration after this horrible exodus?

[Hadzic] No, we have evacuated women and children from the front lines deep inside our territory in a planned manner. There have been no cases of emigration so far and the situation is under complete control.

Army 'Provocations' Reported

LD2308111795 Belgrade SRNA in Serbo-Croatian 0854 GMT 23 Aug 95

[FBIS Translated Text] Vukovar, 23 Aug (SRNA)—Overnight the Croatian Army opened sporadic small arms fire on the positions of the Slavonia-Baranja Corps of the Serb Army of Krajina in the region of the village of Marinci. According to the Slavonia-Baranja Corps command, about 80 shells of various calibers hit the areas of the villages of Gabos, Markusica, and Tenja yesterday.

From the direction of Osijek and the villages of Jarmina, Koprivna and Nustar Croatian troops shelled Serb territory from mortar launchers, antiaircraft guns, sniper and small arms. There were no casualties among the Serb troops.

Along the Serb-Croatian separation lines, the Croats stepped up their reconnaissance activity and provocations. This is being interpreted by the Slavonia-Baranja Corps command as part of preparations for aggression against eastern Slavonia, Baranja, and Western Srem. In the meantime, Serb troops continue to fortify their defenses and respond to the aggressor's fire only if directly threatened.

Official Details Expulsion of Vojvodina Croats

AU2308082395 Zagreb VECERNJI LIST in Serbo-Croatian 19 Aug 95 p 6

[Interview with Franjo Orlovic, president of the Zagreb Association of Refugees and Expelled Croats from Srijem, Backa, and Banat, by B. Cavar; place and date not given]

[FBIS Translated Text] Zagreb—After "Operation Storm," in addition to Banja Luka Croats, the Croats from Vojvodina, primarily from Srijem [Srem], were also targeted by Serbs. The Croatian refugee wave started there, and thousands of new refugees fleeing Greater Serbian terror are expected in Croatia. We talked about this with Franjo Orlovic, president of the Zagreb Association of Refugees and Expelled Croats from Srijem, Backa, and Banat. The association comprises some 40,000 exiled Croats from Vojvodina who have made Croatia their home for the past four years.

[Cavar] According to the information available to the association, what is the current situation of Croats in Srijem?

[Orlovic] We have just received information that the expulsion of the remaining Croats in Zemun has started. The Serbs voluntarily left Croatia after "Operation Storm," and are now moving into Croat houses in Srijem; this is accompanied by threats and beatings, not even elderly women are spared. The Krajina refugees are only moving into Croat houses, no Serb house accepted them, except those who are their relatives. All of them have lists with names and addresses of Croats according to the 1991 census, and are lying in wait to break into the houses.

[Cavar] Where did they get the lists?

[Orlovic] The lists were supplied by the Emigrant Society headed by Brana Crncevic. Branches of Seselj's Serb Radical Party had these lists as early as 1991 and 1992. I have personal experience in this matter, and earlier cases of expelled Croats confirm this. Not only Croats are threatened, but other non-Serbs as well: Hungarians, Slovaks, Ruthanians, and all those who are in mixed marriages. Serbs are being settled in Backa, Plavna, Bac, Vajska, and Senta. According to current information, some 60 Serbs have already moved there, and the situation worsens every day.

[Cavar] The Serbian authorities claim that their police are reacting to this?

[Orlovic] The Serbian policy is projecting the image of a "civic state." Serbian special units initially evicted from Croatian houses the Serbs who had moved in by force, but the following day new Serbs arrived, moved in, and continued living in the house alongside the tenants. The Croats have to feed and serve them. Of course, the Croats cannot take this, so they leave. Croatian towns in Srijem are encircled by Serb special units, allegedly for protection, so the Croats cannot leave unless they sign some sort of exchange contract; the Croats, however, leave only with personal belongings. Such contracts are legally invalid. A family from Ruma has just arrived, they took only three bags and headed into the unknown. The police escorted them to the border, for "protection."

[Cavar] How would you assess the development of events in Srijem?

[Orlovic] According to our information, the non-Serb population in Vojvodina is now being mobilized. Croats and Hungarians are being dispatched to eastern Slavonia and Baranja. The pressure on non-Serbs in Serbia will continue and people will leave the region. Some 150,000 Croats still remain in the Federal Republic of Yugoslavia, 100,000 of them in Vojvodina. The first 300 Croats expelled from Kukujevci and Gibarac came without anything, without papers even, and we are still expecting thousands of Croats.

[Cavar] How is the Catholic Church in Srijem functioning in the situation?

[Orlovic] Twenty-three of our vicars are still in Srijem. They come to the vicarages only durig the daytime because Serbs have moved into them. The churches have been devastated, the church in Kukujevci has been blown up, while the one in Slankamen has been burned. Mass was not served in 10 parishes last Sunday [13 August].

[Cavar] What is the association doing to protect the remaining Croats and accommodate the ones exiled in Croatia?

[Orlovic] We are helping within the possible limits. We have appealed to international institutions, the United

Nations, the Croatian Government; we have established contact with the relevant Croatian authorities, and paid a visit to the county authorities. We are asking that the Croats from Vojvodina be permanently settled in certain counties. We have received guarantees that these people will be provided with housing, given jobs, or farmland. That is how they will integrate into normal life in Croatia. We are particularly grateful to Mrs. Nada Arbanas and the staff of the regional office for refugees from Osijek; they are constantly on duty at the Donji Miholjac border crossing. We would also like to thank the staff of the primarily school housing those Srijem refugees who have nowhere to go.

Over 11,000 Refugees Arrive From Banja Luka

AU2308091895 Paris AFP in English
0902 GMT 23 Aug 95

[FBIS Transcribed Text] Zagreb, Aug 23 (AFP)—More than 11,000 new Croatian and Moslem refugees from the northern Bosnian town of Banja Luka have been registered in Croatia over the past week, the Croatian refugee office announced Wednesday [23 August].

It said Bosnian Serbs had forced 11,792 people to flee the region between August 14 and 21. Of these 8,923 were accommodated in refugee centres and the rest stayed with Croatian friends.

According to the head of the refugee office, Adalbert Rebic, some 12,000 Croats and 5,000 Moslems were still in the Banja Luka region, where the Serbs have been carrying out a policy of "ethnic cleansing" for three years.

Farmers Complain Agriculture Hurt by Imports

95BA0307A Zagreb VJESNIK in Serbo-Croatian
17 Jul 95 p 5

[Interview with Ivan Stancer by Davor Verkovic; place and date not given: "Imports Are Doing Great Damage to Croatian Agriculture"]

[FBIS Translated Text] One day we will have to pay for the fact that farmers do not have anyone to sell their livestock to and are thereby losing interest in production; milk and dairy products and vegetables are being imported, and the purchase price of grain is low. Along with all of that, we are constantly losing external markets, which are hard to recover in these conditions.

When people in France start to fight for their rights, two things happen: CNN and other leading world agencies have exclusive pictures of unloaded and ransacked trucks at border crossings, and the government usually modifies what until then were its rigid positions. Things are different in Croatia.

If Milosevic's insane plan for a Greater Serbia had by some chance been completely successful, today Croatia would be literally dying of hunger (some estimates indicate that in that case we would be left without 80 percent of our grain production, 67 percent of the corn, 90 percent of the sugar beet, 94 percent of the soy beans, 86 percent of the olives, 58 percent of the grapes, 72 percent of the beef, and 50 percent of the pork).

In spite of that, however, there has still been too much damage; the rural farms and granaries of eastern and western Slavonia have been detroyed, the eerily empty farms in the occupied areas have been abandoned, the livestock population has been destroyed, ploughed land, orchards, vineyards.... Nevertheless, thanks to those who are always here when it is necessary to work hard, Croats have not yet been hungry. Even they have become fed up, however, and as things currently stand, the farmers are fighting for their survival. A recent article in VJESNIK, "Farmers Against Meat Imports" (Wednesday, 12 July), which announced more radical steps by the farmers, even going to the border crossings to stop imports, was the occasion for an interview with Ivan Stancer, the Koprivnica-Krizevac zupan, and at the same time the president of "Economic Harmony," which has announced more decisive measures for the recovery of Croatian agriculture.

This Situation Has Its Cost

[Verkovic] How is it that "Economic Harmony" was the one to raise the issue of more radical action for farmers' rights?

[Stancer] Economic Harmony is a nonprofit institution which was founded in order to avoid the large margins added by merchants and buyers during the period of socialism. All honest farmers for whom that is the sole occupation have an interest in it, and with the aid of this association they obtain artificial fertilizers and similar resources essential for their work more cheaply. The strength and benefit of this organization are obvious, but I must admit that the sharpness of the published article was exaggerated. On the other hand, a lot of problems that have to be solved and discussed were announced.

[Verkovic] What led to the current blockade of the marketing of farmers' goods, and what are the most direct negative consequences of that situation?

[Stancer] I could not say that it is the incompetence of this society. This situation has its cost. I will say this on behalf of my HSS [Croatian Peasants' Party]: Before the war our farmers had 83 percent of the arable land, and they preserved Croatian speech, customs, and religion; a lot of the rural population sacrificed their lives for this state. Likewise, it still has not happened that Croats have gone hungry.

Farmers Must Not Become Ballast Again

All of this leads to the conclusion that some things should not happen despite us and without asking us, the peasant farmers. We farmers must not once again become some sort of ballast, as happened under socialism. A concrete answer to this question is not that simple. Well, for example, one day I was at Podravka, which imports many agricultural products from Italy. The reason is that the Italians can wait for six months to have their goods paid for, and Podravka has many employees who would otherwise be without work.... Some other people, for similar reasons, are importing products like tomatoes, white and red onions, paprika, etc. At the same time, our farmers do not have anyone to sell their products to, and in some situations even plough them under. Another big problem for us is the so-called green Mafia, i.e., customers who have leased all the sales places, which should also definitely be taken into account.

[Verkovic] Which products, in your opinion, should not be imported, i.e., which imported products are doing the most damage to Croatian peasants?

[Stancer] Definitely the imports of pork and beef. The data which indicate that the prewar figure of 500,000 cows has fallen to 200,000 say everything about the harmfulness of this kind of policy. At the same time, ridiculous things are happening, a country like Croatia is importing milk and dairy products. Consequently, Croatia, which in the Drava basin alone has a breed 80 years old (the oldest breed in neighboring Austria is 60 years old), is importing milk and meat. But Croatia was known for the superb quality of its meat, which we always used to export without any problems.... Unfortunately, someday we will have to pay for the fact that farmers now do not have anyone to sell their goods to, and are slaughtering the best heifers for meat. Along with all of this, we are constantly losing external markets, which are hard to recover in these conditions, whereas at one time we had big earnings from that. Finally, quality always costs, and the customers know that best. The same thing is true of pigs. They are imported, and our farmer does not have anyone to sell them to, and by virtue of that very fact does not have any motive to produce them. I do not know who is allowing all of these imports, but it will not get us anywhere.

Protest to Prime Minister Valentic Also Announced

[Verkovic] You have also announced a visit and protest to Prime Minister Valentic?

[Stancer] Yes, but he said that he does not have time to see us now.

[Verkovic] And one final question. Will Croatian farmers, as announced, go before the Assembly, and will they prevent imports by blocking border crossings, or is there any other possibility for a more peaceful resolution of this difficult situation?

[Stancer] There are possibilities, and I personally am always in favor of talking. On the other hand, one should not commit such stupidities with imports, because people are angry and at the limits of their strength. They all have their own obligations that constantly come to them; consequently, they have to pay for health care, pension plans, taxes, etc. They have to pay, but they do not have anything to pay with because no one wants to buy grain from them, because no one is interested in their pigs, and if he is interested, he offers ridiculously low amounts that do not even cover what has been invested. Just look at the purchase price of 80 lipas for a kilogram of grain. Who can live on that? It is high time for something to be done. Our minister is from this area, and is quite familiar with the situation, and so I believe that he will make sure that things change for the better. The worst thing that could happen is for this situation to remain. Then I do not know how it will all end.

U.S. Plan 'Incomparably Better' Than Bildt's

AU2308094695 Zagreb VECERNJI LIST in Serbo-Croatian 20 Aug 95 p 4

[Commentary by Zeljko Kruselj: "Croatian 'Quantum of Patience'"]

[FBIS Translated Text] Skeptics say that now that the U.S. peace mediators have completed their first round of consultations with the three warring sides, at least the number of unclear issues has been reduced. The outlines of the peace process are slowly emerging, mostly thanks to the Croatian military successes, but there is a long way to go until the final signature. No one was particularly surprised that the Croats and the Bosniaks do not want to enter this process rashly, sacrificing some of their strategic interests, and it has also been confirmed that the Serbs on the two sides of the Drina River are too disunited to expect an overnight "cut" there that would guarantee any lasting normalization of the situation in Croatia and Bosnia-Herzegovina.

Perhaps the most important thing now is that Holbrooke's team has realized that the victims of Serbian aggression do not agree to the oft mentioned "exchange of territory," in which the Serbs would gain political advantage through trading with occupied areas, and that Milosevic's regime will not rid itself of the economic sanctions without a simultaneous diplomatic recognition of Zagreb and Sarajevo, and perhaps not even without a framework agreement on Kosovo. Let us recall that just a few weeks ago Carl Bildt carried to Belgrade a "package" that excluded Croatia from the global solution, thus legitimizing "Krajina." From Zagreb's point of view the U.S. initiative is incomparably better.

After all, President Tudjman's news conference served as a confirmation that, after "Operation Storm," no one could any longer take the reigns from Croatia's hands, or force it to sign anything that would not guarantee its territorial integrity, or tolerate anything that would endanger its internationally recognized borders from Bosnia-Herzegovina or the Federal Republic of Yugoslavia. This primarily refers to the inviability of the continued occupation of eastern Slavonia and Baranja, where the role of the "Krajina" pawns has been taken on by the Belgrade regime itself, and the continued shelling of the Dubrovnik area by [Trebinje "mayor"] Vucurevic's extremists.

In that context Tudjman reiterated to the U.S. mediators and the Croatian public, that everything would be done to avoid further bloodshed and destruction, but that Croatia, too, had a "quantum of patience" after which diplomacy gives way to "other means." As to what these other means are, Milan Martic has already had a taste of them, as Karadzic is now having with increasing frequency. It is also high time that the Belgrade leader stopped to think about them, as he has undoubtedly been awarded the fate of the greater Serbian initiator and grave digger.

There is no question of falling for the Serbian trick of a "protectorate" by the Blue Helmets over former Sector East, which would then be followed by an ethnically pure "referendum." The Croatian position has been so strengthened that the Americans did not even bother to bring up with the president this Serbian "concoction," created in Milosevic's office. Perhaps this detail best illustrates that the "time of the lords" [reference to former mediators Lord Carrington and Lord Owen] has definitely been made history.

RSK Official Assails Evacuation Decision

LD2208185295 Belgrade TANJUG in English 1754 GMT 22 Aug 95

[FBIS Transcribed Text] Belgrade, Aug 22 (TANJUG)—Republic of Serb Krajina [RSK] Assembly Speaker Rajko Lezajic Tuesday described as unreasonable the decision taken early in August by RSK president and by the commander of the RSK General Staff on the evacuation of the population ahead of the Croatian Army assault.

Lezajic was speaking at a press conference in Belgrade attended also by RSK Foreign Minister Milivoj Vojnovic, premier's adviser Milan Ivanic, and Commissioner for Refugees Milan Trbulin.

He said that as Asseмby speaker he had neither been consulted nor informed about this decision.

Ivanic gave reporters copies of the evacuation order signed by President Milan Martic, adding that the "session of the Supreme Defence Council did not have a quorum, since only two of its five members were present, Martic and the RSK Army Commander Gen. Mile Mrksic."

The Serbs declared the Republic of Serb Krajina at the end of 1991 in their ethnic and historic lands following Croatia's forcible secession from the former Yugoslavia.

Stressing that the Serb Krajina Assembly and government did not recognise the occupation of Krajina, Lezajic laid out the six demands put to the international community by RSK authorities.

The RSK asked the international community to prevent Croatia from fulfilling its genocide intentions, as well as for the withdrawal of the Croatian Army from the occupied territory of RSK and for its becoming a demilitarized zone, the protection of the lives of Serbs who remained and of the property of expelled Serbs, the immediate launching of a negotiating process between RSk and Croatia to secure the return of the displaced persons.

We also ask for the immediate lifting of anti-Yugoslav sanctions, Lezajic said adding that Yugoslavia had taken the expelled in and had done its utmost to take care of them.

According to RSK authorities' assessements some 250,000 Krajina Serbs were expelled in the Croatian aggression. If this figure is added to the expelled civilians from May this year and the end of 1991 it brings to 320,000 the number of refugees and displaced persons from purely Serb territories, Lezajic said.

Asked about the rift in the RSK leadership Minister Vojnovic said that it dated back several years pitting one side, which was for peace and talks with the other, warmongering side, which supported the Bosnian Serb leadership in Pale, which nurtured illusions about unification.

Assessing that Croats would not accept any talks on the withdrawal from the western part of RSK he said he expected RSK would demand the right of the population to return to its ancestral homes through international institutions.

Lezajic and Vojnovic said that all RSK government bodies would be set up in the eastern part of the state until the liberation of the capital of Knin and that that they were currently making arrangements for their installation.

Vojnovic said that he expected the question of the eastern part of RSK would be settled through negotiations which would be conducted by people from the area but which would also include the government.

Asked if the question of responsibility for the fall of the western part of RSK would be raised, Vojnovic answered that an order on military withdrawal had not been issued but that Gen. Mrksic had offered his resignation at a government session.

The RSK Assembly, which elects the Army commander, would discuss Gen. Mrksic's resignation, he said.

Krajina's Mikelic Blasts Rejection of Peace Plan

LD1808164195 Belgrade TANJUG in English 1332 GMT 18 Aug 95

[FBIS Transcribed Text] Belgrade, Aug. 18 (TANJUG)—Former Krajina Premier Borislav Mikelic said that the refusal of Bosnian Serb and Serb Krajina leaders to back the policy of peace pursued by Serbia and Yugoslavia had proved disastrous for Serb national interests. "Their arrogant rejection of the Contact Group plan a year ago was the start of a dark process of opposition to the policy of peace pursued by Serbia and Yugoslavia," Mikelic said in an interview published by the Belgrade daily BORBA on Friday.

He said that the Bosnian Serb leadership, headed by President Radovan Karadzic, had placed their personal ambitions above the interest of their people when they rejected the plan. This tragedy, for which Karadzic is directly responsible, is particularly affecting the western parts of the Republic of Serb Krajina and the Bosnian Serb Republic, Mikelic said.

Instead of ordering his forces to defend the Republic of Serb Krajina, President Milan Martic blamed Belgrade for what has befallen his republic, he said. How can you expect Yugoslav troops from Nis or Kragujevac, for example, to arrive at the defence of Knin or other Krajina towns, when Krajina Serbs withdrew from there on the very first day of the Croatian offensive, asked Mikelic. He said that the underlying aim was not only to draw Yugoslavia into the war, but also to create disturbances in the country and conflicts among the Serbs.

Advising Karadzic to accept the peace plan, Mikelic said that this would stop the war in Bosnia and enable the creation of an internationally recognized Serb state that would have real links with Yugoslavia. In this way, Karadzic would also contribute to a speedy lifting of the economic sanctions against Yugoslavia, which would also create better prospects for a large number of refugees from western parts of the former Yugoslavia.

Commentary Views Change of UNPREDEP Mandate

AU2308061695 Skopje NOVA MAKEDONIJA in Macedonian 19 Aug 95 p 11

[Commentary by Zoran Petrov: "More Than a Political Question"]

[FBIS Translated Text] All diplomacy is slow, including preventative diplomacy. In the case of the UN peacekeeping forces that deployed in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] for almost three years, this is particularly noticeable. In effect, since the Yugo crisis and the engagement of the world assembly and its Blue Helmets began, the state with its provisional name in the United Nations and with an empty chair in the world institutions for collective security has had an accelerated variety. [sentence as published] The final conclusion was that the hundreds of peacekeepers, who observed Macedonia's northern border through telescopes, had accomplished one of the most successful missions in the history of the United Nations. Moreover, the Blue Helmets' mandate to observe and inform introduces new pages and experiences in the total previous engagement of the international community under the name of preventative diplomacy. Whether the state with a provisional name in the United Nations, not a member of the OSCE [Organization for Security and Cooperation in Europe] or the "Partnership for Peace," avoided war because of the efficiency of the "preventatives" or for completely different reasons is a totally different matter. First of all, it escaped the critical point of destabilization because of its own ability and maturity on the internal and external planes.

Nevertheless, we must understand the need of the world's principal diplomats, who are engaged in disentangling the knot of the former Yugoslavia, particularly after the debacle in Croatia and Bosnia-Herzegovina, to find personal and professional satisfaction in a "job well done" in Macedonia—or, as they call it, the FYROM, avoiding its constitutional name even in the acronyms of UN forces that make them proud because of their successful mandate.

The Philosophy of Expectations

Even before the latest military actions and the latest reshaping of the ethnic maps in Croatia and Bosnia, there occurred some events that influenced the attitude of the international community toward the crisis in the former Yugoslavia. We can begin with the decision of the Croatian assembly made sometime at the beginning of the year to deny hospitality to the UNPROFOR [UN Protection Force] forces in this state. After a series of international pressures, the Croatian leader was presented with an important concession, which effectively broke up the overall engagement of UN forces in the former Yugoslavia. On a recommendation by UN Secretary General Butrus Butrus-Ghali, three separate missions were established: for Croatia (UNCRO [UN Confidence Restoration Operation in Croatia]), for Bosnia-Herzegovina (UNPROFOR), and for Macedonia (UNPREDEP [UN Preventive Deployment Force]), which came into existence on 1 April this year, when the Security Council passed three separate resolutions.

This change was, indeed, an important step for our country in "getting away" from the Yugoslav baggage. Let us recall: The Republic of Macedonia had repeatedly asked the secretary general to separate the UN command mission from the existing UNPROFOR, to and with which we neither belong nor fit. However, all requests heretofore had produced no concrete results, until the division that was forced by the Croatian ultimatum took place—to which the Macedonian request was attached because at that moment it saw its chance. With Resolution 983 the Security Council established a new mission in Macedonia with the acronym UNPREDEP, which means preventive diplomacy of the military UN forces. Actually, now all Macedonian requests that had been previously forwarded to Butrus Butrus-Ghali and to the chairman of the Security Council (Li Zaoksing) were accepted, except the part that was related to the establishment of a special military command, which still remained in Zagreb. Resolution 983 assured the same character of the previous mandate of the Blue Helmets in Macedonia, who number around 1,100. In this context we must not forget that the request of the Republic of Macedonia had acquired political dimensions with the separation and it became an important step for the definition of the mission itself and for the further treatment of Macedonia at the United Nations.

This also opens a variety of other possibilities. The special resolution on Macedonia will enable further special resolutions that will relate only to our state and will be relevant for the UN mission, such as the mandate, the composition, or the number of soldiers. This last one, as we can see, has been accomplished in the last few days at our request. Nevertheless, it can help if we note a number of elements related to the apparently altered positions of the UN forces, which, in terms of the total peacekeeping engagement, as well as the international political verification of Macedonia, give them a new dimension. UNPREDEP in Macedonia was separated from UNPROFOR in Yugoslavia with a resolution that is of special importance for the further development of the relations and communications of our state with the United Nations. In its former mandate, UNPROFOR as a global mission for the former Yugoslavia, usually put Macedonia at the tail of the solution of the problem, because, normally, the hotbed of crisis in Bosnia-Herzegovina and Croatia took priority. The appointment of experienced Polish diplomat Henryk Sokalsky, who holds the rank of deputy UN secretary general and is in direct contact with New York, as the civilian head of the UNPREDEP mission, is of great significance, because he has replaced the military chain of command and information that comes via Zagreb.

There is a dark stain on the unfulfilled request for the formation of a separate UNPREDEP command in Macedonia, which should not be understood as a kind of a fashion for the Macedonian side to "decorate" itself with another international representative office, because the reasons are completely pragmatic. Actually, even the latest events in Croatia, which have caused a series of reactions after the settlement of a large number of refugees in the south of the FRY, create this necessity. The departure of the UNCRO peacekeepers is also very convenient, as well as the announcements that even their command in Zagreb will be abolished. The moment has therefore come and the question is what the relevant evaluation of the situation will be, as well as the results.

Before the Final Count

Any prognosis on the future development of events in the region poses a number of vital questions. First, how and if the question of state borders will be regulated, which is now having drastic repercussions on eastern Slavonia and Prevlaka, being the front lines between Croatia and the FRY. Second, whether and how the Clinton administration's plan on the ethnic division of Bosnia within its own borders will be realized—a plan that, if adopted, will represent a precedent and a dangerous political example. Third, what the consequences of the huge migration of Krajina refugees will be for the internal stability of Serbia, as it is directly linked to the situation in Kosovo. Here lies a strategic dilemma that has to be answered: Whether, after definitely losing any chance of having access to the Croatian coast, Serbia will revitalize the "north-south" corridor and the port of Salonika. As we can see, all these questions, directly or indirectly, will be of crucial importance to Macedonia's future as well.

Logical reasoning in the context of the present political and security situation around Macedonia leads to the conclusion that the international factor will play a decisive role. Economically and socially exhausted, with embargos on its southern and northern borders and with a prohibition on arms imports, at this moment Macedonia does not represent a military equal to any of its neighbors, and we know what aspirations there are. On the other hand, there is always the constant that a possible war in the Republic of Macedonia can set the whole region ablaze, including a number of other states, of which two are NATO members. A possible showdown between Turkey and Greece would be a hard blow for the North Atlantic Alliance, particularly for the dominant U.S. influence in it. That is why it is necessary to assume that the U.S. interest in Macedonia is great, as was best illustrated when NATO troops were put under UN command. This is also the reason for Defense Minister Handziski's recent conclusion that after the latest events in Croatia, the strategic importance of the Republic of Macedonia is growing.

To see on which line the thinking of Macedonian representatives is going, I will here quote another statement by Minister Handziski. In his interview for our newspaper on 8 July this year, he specifically stated the following: "...If we really arrive at some common evaluations that the political and security situation in the north is deteriorating, the mandate, as well as the composition and the number of the UNPREDEP forces in the Republic of Macedonia, will have to be altered. Even if such a negative development takes place, we might expect the presence of other forces in Macedonia that will not need to be under the UN flag."

It is more than clear that the defense minister had NATO in mind. This coincides with the statement of President Gligorov two days ago, on the occasion of Army Day, when he said that there cannot be a true defense if Macedonia is not included into the collective security system, and that our state is ready to join the "Partnership for Peace" initiative. These views fully coincide with the official views of the government as expressed by ministerial spokesman Gjuner Ismail at the last news conference. He stated that the Government considers that the UNPREDEP command must be relocated in Skopje and that according to previous analyses the UNPREDEP mandate will probably have to be changed as well.

So, if the assessment is that this is the proper time for regulating relations between Macedonia and the United Nations, we can make assumptions about the possible directions and phases in which this important change can be carried out. It is clear that the question of the relocation of the command from Zagreb to Skopje is a priority, as is also the total separation of the UN mission for Macedonia. In itself it represents a necessary precondition for the future step, which is the change of the present UNPREDEP mandate that, in addition to classical monitoring, may also contain a military component. To do such a thing, it is necessary to change its present composition (on a formation plan), as well as its strength, which implies its multiplication. Actually, about three months ago something similar was also announced by U.S. Defense Secretary William Perry, when the figure of 15,000 peacekeepers was mentioned. Normally, these circumstances, which are seriously pressing the Balkans, are in a way convenient for the Macedonian request for membership in "Partnership for Peace." Actually, the whole situation is dictating actions and moves that have more than just a political background, because they are affecting survival itself.

Spokesman on Krajina Serb Settlement in Kosovo

LD2208190395 Belgrade TANJUG in English 1854 GMT 22 Aug 95

[FBIS Transcribed Text] Skopje, Aug 22 (TANJUG)—Settling Serb Krajina refugees in Kosovo cannot escalate regional problems, said a spokesman for the government of the Former Yugoslav Republic of Macedonia (FYROM).

Spokesman Djuneir Ismail said that 400 families (1,600 people) now settled in Kosovo could not escalate the problems, but the Skopje administration nonetheless was concerned about the developments.

He said Skopje and Belgrade had not entered into what they regarded unnecessary contacts over this issue.

Albanian Foreign Minister Alfred Sereqi's latest visit to FYROM was not prompted by settling the refugees although this topic was discussed during this visit, Ismail said.

The recent census showed that 23 per cent of FYROM's total population of two million were ethnic Albanians.

Kosovo's ethnic Albanian leaders and Albania's officials have these days tried to convince international factors that settling Serb Krajina refugees in Kosovo was "a colonization" designed to change the region's ethnic pattern.

This pattern, however, would not be upset even by tens of thousands of Serbs because ethnic Albanians outnumber Serbs by nine to one in the region.

Albanian Foreign Minister Received by Gligorov

LD2208173095 Belgrade TANJUG Domestic Service in Serbo-Croatian 1657 GMT 22 Aug 95

[FBIS Translated Text] Skopje, 22 Aug (TANJUG)—Kiro Gligorov, president of The Former Yugoslav Republic of Macedonia [FYROM], received Albanian Foreign Minister Alfred Serreqi in Ohrid today, a statement issued in Skopje says.

In the course of the talks, which were attended by FYROM Foreign Minister Stevo Crvenkovski, the sides confirmed that this official visit by the Albanian foreign minister marks an upturn in bilateral relations and cooperation in several areas of mutual interest.

The statement says the parties discussed ways of bringing the status of the Albanian ethnic minority in Macedonia and the Macedonian ethnic minority in Albania into line with the highest European standards.

The Albanian minister will end his visit to the FYROM this afternoon, when he will return to Tirana.

Meets With Crvenkovski

AU2208165295 Skopje Radio Macedonia Network in Macedonian 1330 GMT 21 Aug 95

[FBIS Translated Text] Official talks started today between the Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] Foreign Minister Stevo Crvenkovski and his Albanian counterpart Alfred Serreqi, who has been visiting our country since yesterday. The talks focused on bilateral relations, and it was emphasized that there is mutual satisfaction with the positive development. The need for a legal standardization of cooperation in various fields—particularly as regards the economy and the development of the infrastructure—was stressed. Also expressed was the legitimate interests of the two countries with reference to the position of minorities was also expressed, in accordance with the international standards and noninterference in the internal policy of other countries. Activity on the international plane was also reviewed, as well as possibilities for greater cooperation on a regional plane and the promotion of regional interests. As far as the latest developments in the region are concerned, they were paid special attention, and it was assessed that it is impossible to change the borders by violence and by the method of ethnic cleansing. The respected guest from Albania, together with his associates, was also received by Assembly Chairman Stojan Andov.

The Albanian foreign minister also met representatives of parliamentary groups today. After this meeting, Minister Serreqi made a brief statement, and members of parliament Tito Pertkovski and Ismet Ramadani also expressed their opinions on the same subject.

[Begin recording] [Serreqi] I assess the discussions as very positive and constructive. There will be also meetings with the prime minister and the president, and tomorrow there will be a news conference during which I shall express my impressions.

[Petkovski] Normally, the biggest interest was related to the position of the Albanian minority in Macedonia, Macedonian-Albanian relations, prospects for the region, the mutual aspiration to be included in the European Community, and everything that burdens

Macedonian-Albanian relations. Of course, our guests expressed a high degree of agreement with the opinion of the coordinator of the PDP [Party for Democratic Prosperity], Mr. Ramadani, concerning the position of the Albanians in Macedonia, their inclusion in the system's institutions of the system, the respect for rights and freedoms, and education. In relation to education, they said they were satisfied with the situation in the elementary and secondary schools, but not with the situation in the university education, and they expressed hopes that the law on university education will solve this problem.

[Ramadani] I think this was a good meeting, at which we stressed our positions and objectives. We talked about the general consensus of the political parties in the Republic of Macedonia, particularly of those that particpate in the government, but we also exposed the different opinions of the parties. We stressed the problem of the language—that is, the status of the Albanian language, with which the Albanian members of parliament are not satisfied—that is, those who belong to the PDP—about the use of the language in the Macedonian parliament and in the local self-management, on which a law is expected to be promulgated. [end recording]

Further on Foreign Minister Talks

AU2208155095 Tirana TVSH Television Network in Albanian 1800 GMT 21 Aug 95

[FBIS Translated Text] Albanian Foreign Minister Alfred Serreqi is making an official visit to The Former Yugoslav Republic of Macedonia [FYROM] at the invitation of his Macedonian counterpart Stevo Crvenkovski.

During the official talks that started today, the two foreign ministers discussed bilateral relations with a reciprocal interest and exchanged viewpoints on the crisis in the former Yugoslavia and the general situation in the region.

In his speech, Mr. Crvenkovski stressed the fact that the two countries have reached a satisfactory level of relations but noted that there has been possibilities for these relations to attain a more dynamic development, particularly in the circulation of people and goods. He assessed as positive developments the ministerial exchanges between the two countries in the fields of defense, agriculture, energy, interior affairs, etc.

As regards the crisis in the former Yugoslavia, Crvenkovski stressed that we respect the borders accepted by the international community, condemn ethnic cleansing, and support every initiative that brings peace to the region. Crvenkovski congratulated Serreqi on Albania's admission to the Council of Europe.

Mr. Serreqi stressed that the Albanian Government has recognized the Macedonian state and considers it a factor of peace and stability in the region, adding that the relations between the two countries pass through respecting human and national rights of Albanians there, in conformity with international standards.

We consider the solution to the question of rights with the good will that should exist regarding the inclusion of Albanians in the Macedonian state structures and the creation of a favorable judicial framework. Expressing the viewpoints of the Albanian Government—which supports every political initiative to resolve the conflicts in the former Yugoslavia—the Albanian foreign minister stressed that there can be no final solution to the crisis in the former Yugoslavia without an acceptable solution to the matter of Kosovo as something that should be a constituent part of every peace plan and daily agenda and every effort of the international community to resolve the crisis in the region.

Mr. Serreqi reiterated the Albanian view that the matter of Kosovo should be resolved through dialogue via the legitimate representatives of the Kosovar and Serbian people with the mediation of a third party. The Albanian foreign minister assessed the quick reaction of the Macedonian Government against the settlement of the Serbian colonists in Kosovo as a danger, to destabilize the south of the Balkans.

Macedonian parliament chairman Stojan Andov today met with the Albanian delegation presided by Mr. Serreqi. During the meeting, they touched on aspects of bilateral relations, the strengthening of these relations, an increase in interparliamentary contacts, etc. During the talks, they extensively discussed the rights of Albanians in Macedonia and their representation at all levels in state structures, as well as the problem of higher education in their mother tongue for Albanians.

They further exchanged ideas about the situation in the region.

Today, the Albanian delegation held talks with the chairmen of the parliamentary groups at the Macedonian parliament. During the meeting, the Albanian delegation became acquainted with the structure and work of this parliament. They exchanged ideas about various nationalities in Macedonia and particularly about the position of Albanians there.

Mr. Serreqi is expected to hold talks this evening with the representatives of the Albanian political parties and Macedonian Prime Minister Branko Crvenkovski.

Tomorrow, Mr. Serreqi will be received in a meeting in the town of Oher town by the president of the Former Yugoslav Republic of Macedonia, Kiro Gligorov.

The ambassadors of the two countries, Shaban Murati and Nikola Todorcevski, were present at all meetings.

Government Session on Local Self-Management Law

AU2208180795 Skopje Radio Macedonia Network in Macedonian 1300 GMT 21 Aug 95

[FBIS Translated Text] The Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] Government is holding its 35th session today. On the agenda are several topics concerning the political and economic system, finances, and social activities. There will be, among others, discussions about the draft law on local self-management and draft law on denationalization, as well as information on social reforms and technical assistance, including the modalities for the utilization of credits from the World Bank.

The government will once again review the draft law on local self-management. At a previous session, the draft law was defined, after which Minister of Justice Vlado Popovski visited the headquarters of the Council of Europe in Strasbourg. Upon his arrival, several amendments were added to the draft law. Minister Popovski announced that the number of members on the councils of units of local self-management will be increased from nine to 21. However, in the latest version of the law, this number has been increased to at least 15 to 33 members. There will be the position of chairman of the council of the commune, who will be selected among its members with a mandate of two years. The new text of the draft law on local self-management that will be reviewed by the government today does not provide any changes related to the percentage of the majority of the members of the nationalities, and thus it will remain at 20 and 50 percent of the total number of the population, as a condition that, beside the Macedonian language and alphabet, the languages and alphabets of the prevailing minorities in those communes will also be official. The units of local self-management will have their coat of arms and flags, which will differ from the symbols of other states, associations, or organizations. If the new text of the law is adopted, the units of local self-management will be able to form a joint association of the units of local self-management in the Republic of Macedonia, but they will not be allowed to form regional self-managing associations.

Oleksy Comments on Walesa Letter on Defense

LD2308104295 Warsaw PAP in Polish 0824 GMT 23 Aug 95

[FBIS Translated Text] Warsaw, 23 Aug—Asked about the government's reply to the president's letter of censure and demands concerning the armed forces and defense, Prime Minister Jozef Oleksy said: "My feelings about the military's difficulties are no less strong than those of the president."

In the prime minister's view, the government's problem lies not in appreciating or not appreciating these matters, but where to find the money to meet the Army's needs.

"What the president expressed in his letter has been discussed for quite a while, and it is not true that only one state power body knows and cares about Army's problems," Oleksy stressed.

"What is new here, is a publicly made demand for money from the government, which has the same obligations toward pensioners, the unemployed, teachers, doctors, and the entire civil service as it has toward the Army," the prime minister says.

Commenting on the letter's complaint that the government does not exercise its constitutional duties in the sphere of defense, the prime minister said he does not think the president wanted to express this reproach, because "if it were a serious reproach the matter would have to be taken further." "Someone who prepared this letter did not realize the circumstances in which it was written and what words were used," Oleksy said.

The prime minister said he was a bit surprised that he has not yet received two presidential bills concerning competences in the Army and financing the armed forces, even though the president wrote in the letter that two drafts were attached and asking for support. "I assume this is only a short delay," Oleksy said.

He also expressed regret that the letter was published before he had an opportunity to study its contents and to analyze the president's demands.

The prime minister said that when the letter has been discussed by the Council of Ministers today, he will forward it to the governmental defense committee to ask the defense minister to prepare a reply.

Cabinet Adopts Telecommunications Policy

WS2208134695 Warsaw RZECZPOSPOLITA in Polish 19-20 Aug 95 p 6

[Report by Dorota Margas: "Council of Ministers on Telecommunications; More Telephone Owners, Maintenance of Monopoly"]

[FBIS Translated Text] *The Council of Ministers yesterday accepted the direction of changes in the Polish telecommunications as well as the main points of the policy of telecommunications development in the countryside up to the year 2000.*

Over the next few years, the structure of telecommunications in Poland must change, so that the basic indexes—telephone density, quality of services, additional telecommunication services—will be comparable to indexes in the EU, the Communications Ministry believes. In the year 2000 the telephone density in Poland should be between 25 and 30 telephone owners per 100 inhabitants. At the same time, we would develop data transmission services and digital telecommunication systems (cellular systems) that would meet European standards.

The state's monopoly will be maintained practically in all the most profitable telecommunications areas. The telephone network and international services will be handled by the state operator—Telekomunikacja Polska SA [TP SA]. The ministry justifies this with the security of the state's interests—it was the state that guaranteed the investment loans to world banks. In long-distance connections, the dominating operator until at least the year 2000 would also be the state operator—that is, TP SA.

Finally, while the State Treasury would retain a majority holding of the shares, other companies, both domestic and foreign, would appear. In local networks, it will be possible to set up independent operating companies, which would also include TP SA, which is to encourage capital spending and improve management efficiency. Presence of the state will be confined to passage of legal regulations and supervision over their observance, as well as to control of the share of foreign capital.

Complete demonopolization will be possible only in the area of nontelephone services.

Since 1991, a state-financed project to provide telephone services in rural areas has been implemented. Between 1991 and 1994 the state budget earmarked 28.4 million zlotys for providing telephone services in the countryside. Telephones in 5,250 households were installed; as a result, there is at least one telephone in every village. Despite that, even by the end of 1995, more than

1,000 rural localities will have no telephone connections. From 1990 to the end of 1994, 319,000 new telephone owners joined the TP SA network. According to the government, it will be necessary for the state budget to continue financing this project next year. Up to the year 2000, 900,000 new telephone owners in the countryside should be connected to the network.

Magureanu Refutes Anti-SRI Allegations

AU2308101995 Bucharest EVENIMENTUL ZILEI in Romanian 14 Aug 95 p 3

[Interview with SRI director Virgil Magureanu by Dan Andronic; place and date not given: "Virgil Magureanu Answers Six Serious Accusations!"]

[FBIS Translated Text] In keeping with its initiative, EVENIMENTUL ZILEI continues its series of interviews with prominent figures at the center of public attention, a series begun with the interview with Romania's General Prosecutor Vasile Manea-Dragulin. This time, we publish an interview with a public figure against whom many accusations have been leveled of late—namely: Virgil Magureanu, director of the Romanian Intelligence Service [SRI].

The scandals in which the SRI was implicated—through an alleged and, in several cases, even an effective involvement of certain officers—have led to countless speculations on the subject of the direction taken by this intelligence service. All EVENIMENTUL ZILEI did was to gather the accusations found in the press, regardless of the orientation of the respective newspapers, and to ask the SRI director to publicly answer these accusations.

We will continue this series of interviews with other controversial figures of Romanian public life. Meanwhile here is the interview with Virgil Magureanu.

1. The SRI's Director Is Destabilizing the Institution

[Andronic] Following the numerous dismissals of deputy chiefs, division heads, and section heads, Virgil Magureanu has created a state of anxiety among SRI officers that has also befuddled the public at large, which then raised the question: Is nobody good enough to work with Virgil Magureanu?

[Virgil Magureanu] Someone who commits himself to setting up and consolidating a modern intelligence service in the conditions that prevailed after December 1989—after having to take over, whether he wanted it or not, the old Securitate's inheritance, with all its "fame," particularly with regard to its attributes as a political police—is not taking on an easy task, and does not do it without weighing up all the risks involved. These risks are linked not only to the inherent difficulties of all beginnings and to the problems of competence, organization, functioning, and personnel but also to the difficulties resulting from the domestic and international circumstances of the more than five years that have elapsed since the SRI's creation.

To claim that Virgil Magureanu is destabilizing the SRI means to simply state that he is trying to destroy a work for which he has sacrificed part of his life and for which he renounced other ideals and concerns, including—Why not admit it?— a quiet personal and family life. I do not want my words to be misconstrued as indicating that I consider myself the only or most important architect of this service. As a matter of fact, the SRI is the outcome of the work of all cadres, including those who for various reasons have left the institution or were dismissed.

To ascribe to me the intent of destabilizing the SRI means to accuse me of being an enemy of the country, and a most dangerous one at that, because of the goals I may aim at and the level at which I operate. If the allegations were not belonging to the realm of suppositions or, I would say, even phantasmagoria, which certain journalists like to spring on us, and if they could be proved, I should be the most important target for the attention of our security division. Maybe the insinuation itself is aimed at destabilizing the SRI, through the ricochet effect, proceeding from the everlasting "smoke," without which there would be no "fire."

In our intelligence sphere, no matter how many successes you might have booked in the past, a single major mistake automatically places you outside the institution, because of its implications and consequences. The professionals are well aware of that. Likewise, compared to the particularities of the stage covered in this period and the fact that we also took over uncompromised former intelligence cadres with partially outdated mentalities and mental stereotypes incompatible with the new principles and norms of intelligence activity, one cannot say that there were too many dismissals of department heads at various levels. Life and the pace of events eliminated both those who have proved incapable of adjusting to the requirements of democracy, the rule of law, and the obligatory political equidistance, and the ambitious ones—careerists, double-crossers, those with serious character defects, and other such unwanted individuals.

Regarding stress among the SRI officers, this should be their normal state— namely, a state of permanent tension—in order to obtain and use the information gathered about any actions that might affect the country's national security. If this stress is caused by the possibility of replacing certain chiefs of section, it does not augur well for those chiefs who consider themselves irreplaceable and who, instead of focusing their energy on fulfilling their tasks, are just clinging to their chairs. Their fear should ring alarm bells in the SRI about their professional competence and priority concerns.

In reality, there is not, nor has there ever been, a witch hunt within the SRI; nobody was removed from his position for any consideration other than professionalism and commitment to one's job. Nobody has to fear anything, if he is conscientiously doing his job with the necessary responsibility and devotion required by our specific profile.

Therefore, one can say that the personnel changes were aimed at creating homogeneous leadership teams, consisting of professionals loyal to the country and apparatus, who are taking joint action to carry out their professional tasks in accordance with the requirements of the respective operational situation. All these changes were discussed and decided upon in the Steering Council on the basis of irrefutable arguments.

Still, to answer the first part of your question, I would like to emphasize, resorting to a rather uncomfortable figure of speech, that due to the occasional sadness produced in me by these "cascading" changes, even Magureanu does not always seem good enough to work with...Magureanu.

2. SRI Has Turned Into Political Police

[Andronic] The Danut Ungureanu, Patapievici [individuals allegedly harassed by SRI] and the "Anda Terrace" [case involving open rivalry between the SRI and the Ministry of Interior's Intelligence Service] cases have brought to light several SRI surveillance actions conducted against certain public figures.

[Magureanu] I would like to emphasize once more that, thanks to the law on the SRI's organization and operation, the SRI's own rules, and the control exerted by the specialized parliamentary commission over our service, the SRI has not carried out and cannot carry out activities of a political police type.

To remove the three aforementioned cases from their purely professional context and place them in the political sphere is the obsession of a section of the mass media that has proved its stubborn interest in publicly promoting the idea of alleged political content of the activity carried out by our institution.

In this respect, one should proceed from a rigorous definition of the terms. What do we understand by political police?

If political police means to pursue certain persons for their political convictions, then we should again make a clear distinction between political convictions and political actions. Nobody has ever been scrutinized by the SRI for mere political convictions, regardless of their nature and form of expression. As for political action, this does not enter our sphere of competence, unless and only to the extent that it has become a risk or threat to national security. By law, the SRI is obliged to exclusively gather and use intelligence about extremist actions by communists, fascists, Iron-Guardists, racists, revisionists, separatists, or any other shade, that can in any way endanger Romania's territorial unity and integrity. This is one of the threats against our national security that anyone can read about in Article 3, Letter H. of Law No. 51/1991. In this respect, I would like to make the following clarification: The SRI does not concern itself with political parties and organizations—I am referring to the legally constituted ones—but rather with individuals carrying out such actions, regardless of their capacity or their political, social, or other position.

The situation is totally different when it comes to illegal parties and organizations that are not recognized by the state authority. To me, it seems quite natural and legal that such structures should draw our attention and should constitute a target of our intelligence and operational activity.

Nobody is above the law and nobody is allowed to harm the country's basic interests in any way. We believe that the parliament should define more clearly the meaning of totalitarianism or political extremism, and should plainly name the political groups whose doctrine or ideology run counter to constitutional principles and norms and affect the security of the Romanian state—as is the practice in other countries, too.

As an autonomous administrative authority, the SRI is obliged to implement the law, not interpret it, particularly in the sensitive and controversial sphere of politics. It is true that the law can only contain general provisions; however, the aforementioned generalities leave room for subjective interpretations, and no matter how rigorous we may be in our estimations, there will always be an excuse for accusing us of placing ourselves in the service of the ruling parties, regardless of which parties happen to be in power at a given time. This is a constant risk we have assumed, but it should not result from legislative ambiguities and a multivalent terminology open to all interpretations.

If political police means to carry out intelligence work in the service of a political party, then we must state very clearly and openly that the SRI only serves the country's interests. We are obliged by law to brief the state's leading bodies on the existence and seriousness of the risks and threats against our national security. We do that, and will continue to do it regardless of the political coloring of the people occupying the respective positions. The fact that these positions are occupied by individuals belonging to the party or parties currently in power is the result of the rules of democracy and political pluralism, but it cannot justify the accusations leveled against the SRI.

Regarding the mentioned cases, they were caused, as I have already said in the past, by the lack of professionalism of certain cadres and by their incompetence and even stupidity. It is also true that certain segments of the more or less well-meaning mass media have blown up these aspects, out of vindictiveness and more or less obscure reasons, with the obvious intent of undermining the recent credibility gained by the SRI.

Regarding the Ungureanu case, I would like to say that the former SRI officer involved in that case initially wanted only to warn the Iasi historian of the possible risks to which he might expose himself. Later, the officer forced the issue and diverted the action from its initial goal. Anyhow, after a lucid, objective, and pertinent analysis of the case that also takes into consideration the professional limitations displayed by the respective officer, no well-meaning person would confer the tinge of a political police action on this case.

Regarding the Papapievici case, the press allegations continued, despite the clarifications publicly made and the arguments presented to the parliament's specialized commissions. That was an obvious attempt to instill confusion in the public at large and erode the image of the institutions with prerogatives in the sphere of national security.

Finally, in connection with the famous "Anda Terrace" case, which is still being investigated by the relevant parliamentary control commission, I maintain—and I am sure that this will prove true—that the respective two cadres thought they were undertaking a counterespionage action. Of course, their professional incompetence has created the embarrassing situation, which other vested interests hastened to exaggerate and confer upon it the taint of a political police venture.

However, I will not hide the fact—which is actually true—that other interested persons also lent a helping hand to the well-known scenario.

Therefore, I can say that the aforementioned situations are isolated cases, nonrepresentative of our specific activity. As a matter of fact, they are mere "accidents," which require careful and exacting analysis, including firm measures to punish the guilty, so that such things do not happen again. Unfortunately, these cases have continued to be given wide publicity by the same newspapers that specialize in disseminating such news, publications in search of sensationalism and exaggeration on the political plane.

As a person who "enjoyed" a certain attention from the former Securitate, I assure you that I did not permit, and will never permit, the SRI to be turned into a political police. Moreover, I will nip such trends in the bud, no matter from what quarters they may come. It would be absurd to believe that such things are still possible in the Romania of 1995.

Likewise, I reiterated our firm determination not to relinquish the prerogatives conferred upon us by law, regardless of the opinions expressed—and which will probably still be aired—in the press about the so-called partisan subordination of the institution.

3. SRI Cannot Halt the Ascent of Hungarian Irredentism

[Andronic] Several political forces in Romania have repeatedly reproached the SRI for not doing enough to counter the actions of the Democratic Union of Hungarians in Romania [UDMR], which harm our national security.

[Magureanu] First of all, I would like to say that as a legally constituted political grouping, the UDMR is not a target on which the SRI focuses its attention. However, through its prerogatives and responsibilities, the SRI is obliged to cover the activity carried out by extremist elements within the Hungarian community at home and abroad that, through various actions taken, might jeopardize Romania's national security, unity, and territorial integrity.

Due to the complex ways in which it manifests itself and acts, the phenomenon of irredentism in general, and of Hungarian irredentism in particular, draws the attention not only of the SRI; tasks in this respect are also incumbent upon all the other state institutions with prerogatives in the sphere of national security, and not even upon them alone.

Hungarian irredentism emerged immediately after the Trianon Treaty, and has been and continues to be constantly maintained, stimulated, and supported by certain nostalgic and revanchist bodies, circles, and persons from abroad, all of whom are interested in maintaining a climate of instability and insecurity in the area and even in creating tension among the majority and minority populations so that they can further certain political, economic, and geostrategic interests.

Without downgrading the seriousness of various anticonstitutional initiatives, thrusts, and activities concocted by certain Hungarian irredentists avid for publicity, fast material profits, and representative positions within their community, I must emphasize their limited influence within the Hungarian ethnic group, which generally favors political dialogue and cooperation over confrontation with the state authorities and the majority population. Moreover, in certain situations, various influential personalities and other members of the Hungarian community have criticized, deplored, and rejected certain extremist ethnic actions, and have come forward with viable proposals that excluded intolerance and rivalry between the Hungarian minority and the majority population.

On the basis of this reality, all data and intelligence gathered point out that the actions initiated by the Hungarian extremist elements at home and abroad are not likely to turn into imminent dangers against the fundamental values of the Romanian state—such as national sovereignty, unity, and territorial integrity; nevertheless, the cases registered constituted potential premises, negative situations, and states of tension that could conceivably degenerate into and stimulate destabilizing activities.

According to the competence and tasks devolving upon it from the Law on National Security, the SRI has intervened and is getting involved in identifying and controlling such activities, and has constantly briefed the relevant authorities so that they can order and take the necessary steps.

4. The KGB Is Exerting a Great Influence in Romania

[Andronic] The press has recently printed many accusations against certain public figures about alleged cooperation with the Russian intelligence services, and has published many articles about the KGB structures in Romania, also blaming the SRI for its inability to keep this phenomenon in check by means of intelligence.

[Magureanu] Without wanting to classify or rate the various Romanian publications, I would like to emphasize that the allegations about the cooperation of certain personalities with the Russian intelligence services and, in this connection, alarmist news about the existence of their cells in our country, appear only in certain newspapers. Regarding the soundness of their claims, on which doubts are cast by the very inconsistency of the respective articles, I would like to say that our institution has no data to support the conclusions reached by the authors of those articles. Their accusations rely on forced allegations and associations between disparate elements, which are also tendentiously interpreted; they do not rely on professional data or the estimations of competent intelligence institutions.

The effect of the versions being circulated is rather worrisome, because it leads to suspicion, confusion, and tensions among certain categories of people (who studied abroad), whose loyalty is being questioned in this way. The harm thus done to the state of legality and correctness, which must dominate the Romanian society, also affects the normal unfolding of our institution's activity.

On the other hand, we must not ignore the fact that some of the groundless allegations I have just referred to might affect Romania's bilateral relations with the respective countries.

The actions of various secret services identified as operating on Romania's territory are under control, with the SRI taking adequate steps to protect the interests of our state and citizens. The solutions chosen pertain to the respective sphere; thus they are quite confidential and cannot be discussed in public. However, I assure you that, if informing the public at large becomes necessary, we will not hesitate to do it.

erefore, the allegations about the SRI's incompetence are groundless.

5. The Institution Led by Virgil Magureanu Is at War With the Other Intelligence Services in Romania

[Magureanu] As I have already said, the SRI is not and cannot possibly be at war, so to speak, with the other intelligence structures in Romania.

As a matter of fact, all the respective institutions are authorized to carry out activities similar to the ones carried out by the SRI, observing the specific character of the ministries to which they belong.

The SRI has openly expressed its readiness to cooperate with the other services and has, in has correctly and constructively perceived their desire to establish relations of principled and more efficient cooperation, in order to achieve the overall target of national security.

It is true that we have occasionally noticed the existence of passing malfunctions and disruptions in isolated cases, but they did not basically affect our overall activity.

Anyhow, such situations do not conform with the policy promoted by the respective institutions, but are the result of personal attitudes and actions or of interference in areas of mutual interest.

6. SRI Is Involved in Illegal Economic Activities

[Andronic] The recent press disclosures about the SRI's involvement in smuggling activities and the violation of the embargo [against former Yugoslavia] have been directly linked to the dismissal of Lieutenant General Victor Marcu from the position of first deputy director of SRI.

[Magureanu] Such an allegation is malicious and not true.

I would like to remind all those interested that the economic activities of our institution are regulated by Law No. 14/1992, according to which a public corporation with production profile, RASIROM, has been set up within the SRI, by governmental decision.

I would like to stress that the entire activity of this company is proceeding in strict accordance with current economic-financial legislation and is being controlled and checked by the relevant state institutions with prerogatives in this field, including by the specialized control commissions of the parliament.

The press "disclosures" about the so-called SRI involvement in smuggling and embargo violations are not only totally groundless but I also believe that they were launched to discredit and weaken the credibility of our institution. This is suggestive of the press involvement in activities specific to a preelectoral period, but its allegations also cast doubt on our country's credibility at the international level.

As an argument to back what I have just said, I would like to recall the large amount of information that our institution has put at the disposal of the relevant bodies in order to stop such practices, as well as the various actions in which we made a direct contribution to uncovering and halting several cases of trafficking and smuggling.

Union Adopts UDMR Associate Member Status

AU2208101995 Bucharest ADEVARUL in Romanian 16 Aug 95 p 2

[Article by S. Achim: "The Union of Hungarian Ceangaus in Moldavia Joined the UDMR"]

[FBIS Translated Text] About 30 delegates representing the Ceangaus [Csango] population of Sfintu-Gheorghe, Miercurea Ciuc, Targu Mures, Onesti, Pustiana, Cleja, and Nicolae Balcescu (the last four are localities in Bacau County) met on Sunday [13 August] in Lunca de Jos, located in the eastern part of Harghita County, to participate in the general meeting of the Union of Hungarian Ceangaus in Moldavia. This is the first meeting after the events that took place a few months ago in Cleja village, when a meeting of this organization was canceled because of a protest from the inhabitants of the village. (It is possible that the decision to hold the current meeting in a Haghita locality is a consequence of the Cleja events).

The participants in the meeting decided that future efforts of the Union should be directed toward setting up cultural-artistic groups of the Ceangau population, and toward establishing Hungarian-language schools and attracting as many children as possible to the the respective schools' classes. The meeting also discussed ways to attract to the Ceangau region more Hungarian foundations capable of sponsoring various social-economic activities.

Peter Eros was elected president and Antal Csicso executive president of the Union. The cultural activity will be coordinated by Elena Nistor, and Miklos Horvath will be in charge of educational issues. The general meeting endorsed the status of the Union as an associate member of the UDMR [Democratic Union of Hungarians in Romania].

Federal

Opposition Parties Call For Accepting New Plan

LD2208210195 Belgrade TANJUG in English 2056 GMT 22 Aug 95

[FBIS Transcribed Text] Belgrade, Aug 22 (TANJUG)—Most Yugoslav opposition parties hold a view that the latest plan for settling the crisis in the former Yugoslavia should be accepted.

Spokesman for the strongest opposition party, the Serbian Renewal Movement, Ivan Kovacevic said Tuesday that the Bosnian Serb Republic and the Federal Republic of Yugoslavia should accept the latest peace plan brokered by Washington and Moscow.

Kovacevic told a press conference that the plan should also allow all refugees in the territory of the former Yugoslavia to return to their homes, and that the big powers should guarantee full respect of their human, civil, and religious rights there.

The United States and Germany should force Croatia to withdraw from the Republic of Serb Krajina, whose western part was occupied by Croatian Army in early August, forcing estimated 250,000 Serbs to flee.

The Yugoslav United Left, a movement rallying 23 leftist parties, Tuesday appealed to 50 political parties and movements throughout the world to help protect human rights of the Krajina population and condemn and stop the process of changing Krajina's ethnic structure.

The movement condemned all forms of ethnic cleansing in the territory of the former Yugoslavia.

Speaking at a press conference in Novi Sad, President of the Democratic Center Fund Dragoljub Micunovic dismissed as out of place criticism and claims by the United States, Hungary, and Albania that ethnic structure in Serbia's provinces of Kosovo-Metohija and Vojvodina would change if Krajina refugees were sent there.

Micunovic said such reactions were aiming to remove from the public eye the fact that ethnic cleansing had been practiced against Krajina Serbs.

Only 1 percent of the Krajina refugees have been provided accomodation in Serbia's southern province of Kosovo-Metohija, where ethnic Albanians make up nearly 90 percent of the population.

About 154,000 Krajina Serbs have found shelter in Serbia in the latest wave of incoming refugees.

Regime 'Incapable' of Handling Refugee Crisis

AU2308090395 Belgrade NASA BORBA in Serbo-Croatian 11 Aug 95 p 7

[Commentary by Misa Brkic: "Easing Guilty Conscience"]

[FBIS Translated Text] Like snow in midwinter, after the Croatian Army's blitz against Krajina, the state has been confronted with refugees. Which means, it has been taken by surprise. Those few remaining civil servants who happened to be in Belgrade scattered in panic in the first days to pass around a liter or two of water or juice, or a little bread and salami, to the streaming columns of refugees. Ever since the day when Knin was attacked it has been clear to everybody that the mother country's borders would be pressed by the population of the westernmost self-proclaimed Serbian state. The elderly, women, and children, after the ordeal of shelling by the Croatian Army and war profiteers who demanded five German marks for a glass of water or a sandwich, looked forward to reaching the border passage at Sremska Raca as the end of their plight and a biblical salvation.

However, those who reached the gates of Yugoslavia in the first days of fighting were offered neither water, nor bread, not even a friendly word. There were only heartless customs officers and police, instructed to let a thousand refugees enter Yugoslavia every hour. And empty Red Cross warehouses. In Yugoslavia two very important officials of some international humanitarian organizations, Cornelius Somaruga and George Weber, were expected to arrive in Yugoslavia, so that the local bureaucrats could wake up and start doing something.

It is clear to everybody, even to the refugees, that here in Serbia there is neither milk nor honey to look forward to. This country and its economy have been languishing under sanctions for too long to be called a promised land. Even in such conditions in the past three years we have been allotting between four and 25 percent of the gross national income for the brethren across the Drina (depending on the source of information). A great refugee wave already overwhelmed this region once, and then the citizens of Serbia showed a great degree of solidarity with their compatriots from Bosnia, sharing with them literally both their bed and last piece of bread.

The most recent exodus of Serbs from Croatia, why not say it publicly, has come at a very ill-timed moment. We are not saying that those poor and suffering people should be thrown out, yet, they should be warned that here in Serbia life is very difficult as well. Our traditional hero-playing, "if there is food for us there will be some for them," is all too simple, indeed even primitive. And such an approach, after the initial incomprehensible nonchalance, is already evident in some firms, state institutions, and parastatal organizations. In Serbia, oil, sugar, and detergents are very scarce, while bread and milk are also running short, and one ought to behave rationally. Otherwise, the consequences will be much more difficult for all of us, i.e., more and more frequent shortages, rising prices, a soaring German mark and plummeting dinar, an increase in real estate prices....

Instead of organizing aid and accommodation soberly and rationally, the state and its operatives, according to an unwritten rule, have succumbed to emotions. The lack of any serious political or diplomatic initiative (and action) to protect the people from Knin, Lika, Banija, and Kordun and make it possible for them to stay on their farms, and the more and more frequent speculation about a Serbian-Croatian bargain and Knin being sold out, are creating more and more visible pangs of conscience among the Belgrade political establishment, resulting in attempts to ease a guilty conscience. Hence the sudden change of heart, within less than three days, from the almost absolute lack of interest into outpourings of affection, patriotic enthusiasm, and solidarity with the refugees. Forget about their being shamelessly used for squaring accounts with the political leadership in Pale. The 200,000 refugees and the sad prospect of an increase in their number are facts that do not tolerate emotions or improvisations like "even if there is no food for us, there must be some for them." The flight of the Serbs from Croatia to the mother country is one of the largest forceful movements of people, and now, precisely because of the devastated economy in Serbia and rotten state, one has to make well-considered long-term moves. Otherwise, it could easily happen in the near future that the irresponsible authorities bring us into a situation where we will all be reduced to destitution.

Just remember the year 1993, when the local people, fascinated by Milosevic's propaganda, quite calmly got over the great robbery of the people, of which it was said it ought to happen. The 6 billion German marks collected then served, reportedly, to support the western Serbian states. Now when Knin and its make-believe state have burst like a bubble, there are firm grounds for believing that the Belgrade regime has used the money it swindled out of people to fill up private bank accounts in Cyprus, rather than to support Knin.

There is no doubt that the local Belgrade swindlers and thieves have already taken note of George Weber's statement that Serbia needs 30 million dollars to recover from the humanitarian catastrophe. One can already hear advice that the international community should disburse at least a half of that money directly to the hands of the Belgrade bureaucrats. It is easy to imagine where that money will end up—in certain people's private accounts in foreign banks, just like normal goods in state-owned and private shops that vanished in a similar way. The system of the Serbian state administration has already become qualified for this sort of swindle, while the memory of the humanitarian butter that two years ago was being sold by a political party to some Belgrade firms' unions is still vivid.

That corrupt, unorganized, and rotten state structure is still incapable of consolidating and carefully adjusting the instruments of aid and solidarity in the face of the imminent humanitarian crisis. There are ever louder cries from some state-run or private firms that their funds or warehouses are being invaded, simultaneously and without any coordination, by 15 to 20 humanitarian or state-run organizations, begging for money or goods. Directors or owners of those firms do not hide that they are ready to help, but they appeal to the state to get better organized. And, for instance, not to earn a profit for itself from the tragedy of refugees by imposing taxes on humanitarian aid.

Cashboxes and warehouses of many firms are wide open these days, as suits such difficult times. The manufacturers of footwear, clothes, food, house appliances, hygiene products, and detergents are placing all their stocks at the disposal of the Serbian refugees. But, in that humanitarian euphoria (with a touch of daily politics), one should not forget about domestic economic forecasts, which some days ago almost killed the economic recovery program . Firms are now getting rid of stocks, but the commitments to pay back loans that were taken to finance the production of those stocks still remain. Will the firms be further obliged to give back the money borrowed from banks, or will their credits be written off if their stocks are used for refugees?

Perhaps at the moment this may seem as nit picking, but if we do not have answers to such questions, all the Serbs tomorrow (both the refugees and the host) will find themselves in a disastrous economic (not only humanitarian) situation. It is not the right time for headlong, self-satisfied and drunken lavishing and squandering of national resources. A political complex of guilt and easing of guilty conscience can be greater enemies to us than any we have invented or found so far. This should be kept in mind in these difficult times, precisely in order to prevent a situation in which all of us would be standing and waiting in front of a truck to be given a UNHCR daily ration parcel.

Media Faulted for Ignoring Krajina Refugees

AU2308105895 Belgrade NIN in Serbo-Croatian 11 Aug 95 p 22

[Commentary by Milan: "The Use of Exodus"]

[FBIS Translated Text] The exodus of several hundred thousand Serbs and forcing them to fit in with the national dream blemished by the exodus begins sadly and painfully. It happens when Serbia has begun to regulate by state measures the status and fates of those from the previous wave of refugees. Many things indicate the atmosphere that will make the refugees of the first and second rounds take on a certain profile. A great number of the old refugees arrived with considerable capital and expensive cars, and they ensured the status of Yugoslav citizens for themselves in a short time by new identification cards and by opening private firms, taking part in elections, and finding jobs in state-owned firms or state institutions. Despite the (un)justified odium created about them, a considerable number of them will stay where they are and as urban populace. Most of the new refugees are, however, a destitute crowd that has set out toward the mother country by tractors and carts. Some of them have already experienced the echo of the local outrage around the old refugees, so that in Raca they had to pay five German marks for a Coca-Cola can and a sandwich, while, in the village of Platicevo in Srem, they paid for watermelons, which are so plentiful in the region that the villagers feed their cattle with them. Some fuel distributors did not want to pour it into the refugees tractors.

Still, the most painful perception has come from the media's attitude toward the new refugees. Those who have the habit of remembering events still remember "addenda" to news broadcasts, special broadcasts or reports, in which people were telling about their personal or family drama and suffering. This time there are no such testimonies, particularly none in the electronic media. There are images, which indeed are bleak and moving, but not as much as the spoken human word. And those people, I guess, do have something to tell us, do not they? Perhaps we could find the reason for such an attitude of the media in an unusual meeting that was held last Sunday (6 August) at Zoran Lilic's, who is the supreme commander and the Yugoslav president, with the chief editors of some Belgrade media. One can only guess what kind of directives were issued at that briefing. In any case, there are no authentic or live statements by those unfortunate people. Somewhere between the lines hides the answer to the question why the announced broadcast on refugees was not aired by Independent Television Studio B on that same 6 August. In the daily press one can find just occasional statements by Krajina victims, mostly retelling tragic moments of the Croatian raid or reflecting the (local) reasons for the military defeat. Once in a while a statement like that of soldier Milorad Vukobratovic slips, who said: "Why were we instigated by the national idea only to be abandoned thereafter?"

The media's emphasis on people from the first wave of refugees did not bring about the desired international effect, but the stimulation of widespread national emotions at the time produced favorable political effects for the ruling structure at home. What is happening now is similar to informative insisting on organized aid and reception, managed by municipal boards of the Socialist Party of Serbia. In this politically discreet use of an exodus, it is almost certain that yet another cyclic period with good and bad refugees will be opened and closed. The use of the term "refugees" will remain just as a linguistic distinction.

Still, an incredible turn in the attitude of the international public has come about, which indicates that, in the general compassion (which, as a rule, is allowed to losers), the global hatred toward the Serbs may subside. If that is, God forbid, part of some strategy, the price of such a political perversion is more than horrible. If nothing else, then because of the cognition that, despite possible subsiding of the international odium toward the Serbs, part of the hatred will remain among ourselves. This defeat will certainly not be celebrated as the one in Kosovo [reference to the battle of Kosovo in the 14th century].

Serbia

Belgrade Prepares for Military Clash in Slavonia

AU2308074795 Paris AFP in English 0422 GMT 23 Aug 95

[By Dimitri Kochko]

[FBIS Transcribed Text] Belgrade, Aug 23 (AFP)—Yugoslavia, bracing for a possible military clash with Croatia over eastern Slavonia, has deployed troops in the neighboring province of Voivodine where they have begun to stage maneuvers.

The men were inspected last week by the chief of staff of the Yugoslav army, General Momcilo Perisic, who hailed their "high morale."

Meanwhile daily military communiques speak of "provocative Croatian fire" on positions in eastern Slavonia and a buildup of Croatian forces near the province.

The area is a prosperous patch of former Yugoslavia—now reduced to Serbia and Montenegro—that is now located in Croatia but is heavily populated and controlled by Serbs.

Tension surged in the region following the stunning defeat August 4 by Croatian government troops of another Serb-held part of Croatia, Krajina, where Serbs had proclaimed their own breakaway republic.

When he was here last week, US Assistant Secretary of State Richard Holbrooke insisted in talks with Serbian President Slobodan Milosevic on a recognition of Croatia by Serbia and the return to Croatian authority of eastern Slavonia.

But political commentators and diplomats believe that neither Milosevic nor Croatian President Franjo Tudjman is in any mood to compromise. And the longer the diplomatic standoff continues, analysts warn, momentum builds toward armed conflict.

Serbian press reports have quoted Croatian General Karlo Gorinsek as saying the army will have to go on the offensive in eastern Slavonia before the autumn rains make the terrain impassable to Croatian tanks.

Diplomatic sources in Belgrade have described the possibility of an upcoming Croatian tank assault as "alarmist" but one that cannot be excluded.

Press reports here have also said the defense of eastern Slavonia has been assigned to Serb units from the former Krajina republic, backed up by the Yugoslav First Army deployed along the Danube River in Serbia.

The president of the federal Yugoslav republic, Zoran Lilic, on Sunday [20 August] stressed that Yugoslavia would only get involved in a military confrontation if the territorial integrity of the state were endangered.

Taken literally, his remarks could suggest that Yugoslavia would not after all mobilize to stop a Croatian attack on eastern Slavonia.

But government sources and diplomats questioned here believe the army would interpret any Croatian attack in the east as a direct threat to Yugoslavia as a whole.

The risk that such a mobilization would have of widening the Balkans conflict weighs heavily on the public conscience in Belgrade, where no one—apart from some of the extreme nationalist parties—wants to see any greater Serbian involvement.

But few would dare bet it will not happen.

Relief Aid for Krajina Refugees 'Insufficient'

LD2208174995 Belgrade TANJUG in English
1713 GMT 22 Aug 95

[FBIS Transcribed Text] Belgrade, Aug 22 (TANJUG)—Relief aid coming from abroad or from international organizations is insufficient as compared to the number of refugees from the republic of Serb Krajina, it was said at a meeting between Serbian government officials and senior regional officials on Tuesday.

The meeting which focused on ways to provide for the refugees, said that a total of 154,274 refugees had so far crossed the Yugoslav border and that stocks of food, medicine and hygienic supplies in places where many refugees were accomodated had been insufficient, the Serbian Ministry of Information said in a statement released after the meeting.

It was said at the meeting that most refugees had found shelter in Serbia's northern province of Vojvodina or in Belgrade although they could not be permanently provided for there.

After Croatia's early August aggression, a total of 38,239 refugees from the republic of Serb Krajina had been accomodated in Belgrade alone, where most of the refugees from the war-torn areas of the former Yugoslavia had already taken shelter over the past few years.

The meeting suggested that refugees should be sent throughout Serbia, particularly where their permanent residence is likely.

Seselj Predicts Annihilation of Milosevic Regime

AU2208153395 Belgrade NASA BORBA
in Serbo-Croatian 18 Aug 95 p 4

[Article by M. Mikuljanac: "Seselj: Milosevic Is Now Selling Out the Serb Republic as Well"]

[FBIS Translated Text] Belgrade—The new U.S. plan has an anti-Serbian orientation and includes at least two bad points: reducing the territory of the Serb Republic [Serb-held entity in Bosnia-Herzegovina] and disarming Serb units, Vojislav Seselj, chairman of the Serbian Radical Party [SRS], told a news conference yesterday.

With this plan, the Serbs formally get about 50 percent of the territory of the former Bosnia-Herzegovina, but it envisages that NATO should then disarm the Serbs, which would, in the long term—10 to 15 years—lead to a complete loss of all of these territories, Seselj explained.

The SRS leader claims that Slobodan Milosevic has recklessly entered into agreements with Franjo Tudjman and the great powers. "He has been completely fooled, he has betrayed the western part of the RSK [Republic of Serbian Krajina], the Croats are now not giving up the eastern part of Slavonia or Baranja either, and these territories will find it very difficult to defend themselves."

Milosevic has now been selling out the Serb Republic with the help of his security officers. The next in line will be Montenegro, Kosovo, Sandzak, and Vojvodina, and, after all of them, the turn will come for him as well. If he does not end as Ceausescu did, he will come before The Hague war crimes tribunal, Seselj said, and added: "People are now in shock because of the treason, but, when the shock passes and a revolt awakens, this regime will be annihilated."

According to reports the Radicals possess, draft-age refugees have not been returned to the front but have been put into camps, one of which is in Sremska Mitrovica, something that, according to the Radicals, demonstrates the regime's fear of the betrayed people.

Asked by journalists about SRS activity to accommodate refugees, Seselj said that all SRS committees had been fully engaged in this, but they did not want to use it to win popularity. However, he said that 150 expelled people had been accommodated in Radicals' flats and houses in Sabac.

Speaking about the pressure the authorities are exerting on the Radicals, Seselj said that an SRS activist had been arrested in Knjazevac for putting up party posters, one in Kikinda for articles in the VELIKA SRBIJA newspaper, while the entire SRS committee in Novi Slankamen, as well as Federal Assembly Deputy Drasko Markovic, have been called up for military service.

[Box, p 4]

"We Advocate Exchange..."

The Radicals yesterday denied participating in the forcible expulsion of Vojvodina Croats.

"We are advocating exchange, not expulsion, because, with a million Serbs having been expelled from Croatia, it is logical for the Croats living here to go to Croatia and not celebrate the fall of Knin here, which was what happened in Novi Banovci," Seselj said, stating that all of the other minorities enjoy the complete protection of SRS activists. Seselj admitted that SRS activists have been organizing the settlement of refugees in the villages, "but only in empty and deserted houses and flats."

Sandzak SDA Protests 'Colonization' by Refugees

AU2208152295 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 22 Aug 95

[FBIS Translated Text] The Main and Executive Committee of the Party of Democratic Action [SDA] of Sandzak has issued a statement on the current political situation in Sandzak, with special reference to the colonization of Sandzak with Serb refugees from Croatia and the peace proposal by Alija Izetbegovic, president of the Republic of Bosnia-Herzegovina. It sharply protests the perfidious policy of the authorities of the so-called Yugoslavia, who, under the pretext of caring for refugees, are resettling Serb refugees from Croatia in Sandzak so as to change the demographic composition of Sandzak to the detriment of the majority Bosniak people in this region.

The perfidiousness of the regime's policy can be seen in the fact that, owing to a policy of discrimination, Sandzak is economically the poorest region in the whole of former Yugoslavia, and there are no objective conditions to house and accommodate the large number of refugees already announced, who are arriving in Sandzak towns and villages every day. Central Serbia has much greater possibilities for this.

The Main and Executive Committee of the Sandzak SDA is demanding that the highest authorities of the Republic of Bosnia-Herzegovina and the Muslim National Council of Sandzak urgently and energetically ask international organizations to stop the colonization of Sandzak by Serb refugees from Croatia.

The Main and Executive Committee of the Sandzak SDA also supports the 12-point peace plan proposed by Alija Izetbegovic, president of the Republic of Bosnia-Herzegovina, as the condition for a just resolution of the Bosnia-Herzegovina crisis and for ending the war.

Daily Views Rugova's 'New Crisis' Accusation

AU2208123595 Belgrade POLITIKA in Serbo-Croatian 18 Aug 95 p 18

[Article by M. Laketic: "Albanian General Zuljali: We Will Defend Kosovo"]

[FBIS Translated Text] Pristina, 17 Aug—For the self-proclaimed leader of Albanians from Kosovo and Metohija, Ibrahim Rugova [leader of the Democratic League of Kosovo], and the leadership of his party, humanity is a nonexisting category, judging from their blasphemous relationship toward the Krajina refugees and their support for the Croatian president. Although this "peacemaker" declares humself a great diplomat before the world, since last Monday [14 August] he has been daily asking the EU, the United Nations, and the U.S. Congress to "exercise pressure on Belgrade to stop accommodating refugees in Kosovo."

Yesterday he accused the staff of the Serbian Government that takes care of accommodating exiles from the Republic of Serbian Krajina of "provocative actions in

Kosovo and the creation of a new crisis area." Rugova, it seems, has not succeeded in that campaign. At a recent news conference for foreign reporters, he used fabricated data. He claimed that "the Serbian regime has forcefully accommodated over 5,000 refugees in the state of Kosovo," although only 1,300 refugees from Krajina have come to Kosovo and Metohija this morning.

The Albanian Government and the Albanian-language Pristina press instantly took Rugova's side. According to the words of the Pristina daily BUJKU, the Albanian Government claims that "Kosovo has its territorial and political integrity, so the plan to accommodate refugees on the territory of the Republic of Kosovo is a continuation of the policy created by Greater Serbia." In the meantime, Albanian Defense Minister General Safet Zuljali, as today's BUJKU writes, told Rugova that "Albania will not allow Albanian blood to spill in Kosovo." "The protection of Albanian people is the foundation of our defense. The basic criteria of our security strategy are national interests that serve to justify all of the military and political activities we will undertake in defending Albanians in Kosovo," Zuljali said, reminding the leader of the DSK [Democratic Party of Kosovo], Rugova, that in Albania the process of "modernizing the Army with Western equipment and weapons" and "extending NATO activities in Albania are many-sided, which means that we will have a bigger U.S. presence in Albania."

We also have to recall that recently President Sali Berisa told Rugova that Albania's position is that borders on the Balkans should not be changed.

Encouraged by the statement of American Congressman and Senator Dole, Albanian separatists have today given their reply to the leader of the Serbian Renewal Movement, Vuk Draskovic, to his letter written the day before yesterday and addressed to the world public, saying that "Kosovo and Metohija are parts of Serbia, and therefore it is up to Serbia where and how it will accommodate the refugees from Serbian Krajina." The center for information of Rugova's party (CIK), which is presented as the "Ministry of Information" of the imaginary republic, in their reply to Draskovic pointed out that "this is not Serbian but Albanian territory" so that Serbs, particularly those from Krajina, as "designated usurpers of foreign territory, in this case the territory of Croatia, are not welcome in Kosovo."

Describing in Serbia all that carries the attribute 'Albanian' and that is not Islamic, like evil and hegemony in the introductory of Rugova's paper BUJKU, a thesis has been launched today that "the Orthodox Church has always shown its teeth to those who do not belong to it, to those of different religions, devastating everything wherever it came." It gave its blessing to its missionaries, armed them, and incited them to holy war. The cross and the church serve only as a momentary decoration to them. And one of those comets is certainly the Serbian Orthodox Church and its Patriarch Pavle, who has taken the sword for new crusades at the end of this century.' In the opinion of Rugova's team, together with the Serbian, there are also the Greek, Russian, and Albanian Orthodox Church, which they say is not Albanian but an extension of the Greek Orthodox Church, although, according to the latest data, more than a third of Albanians in Albania are of Orthodox faith.

Montenegro

Bulatovic on Krajina, Bosnian Serbs, Milosevic

LD2208222395 Belgrade TANJUG Domestic Service in Serbo-Croatian 2103 GMT 22 Aug 95

[FBIS Translated Text] Podgorica, 22 Aug (TANJUG)—Montenegro and the Federal Republic of Yugoslavia are fully committed to peace, President of Montenegro Momir Bulatovic said tonight.

In an interview for Montenegro Television, he said that Yugoslavia is not the master of war. If it were, the war would have ended a long time ago, Bulatovic stressed.

In his words, if we resolutely oppose all warmongering forces and options, peace has a chance. In this context, Bulatovic expressed optimism, stressing that only peace can overcome all temptations.

The president of Montenegro said that the Federal Republic of Yugoslavia increased the level of combat preparedness along its borders in order to protect them, rather than first launch an attack on anyone. He noted that the the Federal Republic of Yugoslavia faces constant provocations in the Dubrovnik-Trebinje-Herceg Novi triangle, something the international community has been informed about.

"We have received assurances that these provocations were mistakes," Bulatovic said, stressing that Yugoslavia remains committed to an earlier peaceful solution even as regards the controversial case of Prevlaka.

In the course of "The Open Studio" program, Bulatovic replied to a number of questions on the fall of Serb Krajina, the Vance-Owen plan, the problem of refugees, Slobodan Milosevic's role in the negotiating process, and the activities of the Serbian Orthodox Church, particularly those of Montenegro Metropolitan Amfilohije Radovic.

"Regrettably, the Republic of Serb Krajina [RSK] no longer exists in military and state terms. This is the consequence of its leadership's policy. This is a tragic fact. Krajina's leaders were stubborn in insisting on the war option, but they were not consistent in carrying this out, as they did not defend Krajina, Bulatovic stressed.

He says that, because of this fact, Croatia's neofascist authorities have achieved more than Pavelic [Croatia's WWII quisling leader] himself did. There are no longer any Serbs there.

Discussing the Vance-Owen plan, Bulatovic recalled that it was drafted and adopted at the time the Yugoslav National Army was in the areas populated by the Serbs and that afterwards it had to withdraw, leaving equipment and weapons to the people.

Several advantages for the Serb people were secured in the course of negotiations based on the Vance-Owen plan, and the RSK could have been defended on the basis of the UN charter and not through war, Bulatovic said.

He added that the entire world knew that Croatia would attack Krajina much earlier than the actual attack occured, but the Krajina leadership knew only three days before. It did nothing to prepare defenses, although it was reassuring the Federal Republic of Yugoslavia that it was ready to fight.

Answering several questions about—as he stressed several times—the unreasonable policies pursued by the Krajina leadership, Bulatovic also mentioned the [Bosnian] Serb leadership in this context. In connection with this, he voiced negative views about their plans to unite and create a union of Serb lands.

Asked why he, unlike Milosevic, was absent from the international diplomatic talks, Bulatovic said that negotiators were chosen on the basis of the criteria of power and influence. The West has chosen Milosevic. He is without doubt the man with most influence on the Serbian people, Bulatovic said.

He added that he, Lilic, and Kontic are receiving full updates on Slobodan Milosevic's diplomatic and negotiating activities and that he does not believe that anyone of them could usurp anything that would be at odds with the powers of the federal state.

Bulatovic said he expects the leaders of the [Bosnian] Serb republic to make rational moves and that, as he put it, they will understand that several score square kilometers of territory are not worth any loss of human life.

Bulatovic reflected in particular on the activity of the Serbian Orthodox Church in the last period, stressing that it has recently issued several contradictory statements.

"The Serbian Orthodox Church got entangled in politics, demonstrating its amateurishness in this sphere. Metropolitan Amfilohije Radovic is in the forefront of this. I cannot be surprised enough at the fact that this is how the man on the throne of St. Peter of Cetinje behaves. Instead of bringing reconciliation to people, he has stirred up disputes among people and turned believers away from the church," Bulatovic said.

The president of Montenegro said that he has not changed his view on the state status of Montenegro compared with what he advocated at the beginning of his political career—that is, that state independence is not its future.

"We can be proud because we have managed to preserve a set of values. We have been and still are working in the interest of Montenegrin citizens. The stories of treason are aimed at political beginners," Bulatovic said.

Assembly Holds Extraordinary Session on Crisis

LD2308125395 Belgrade TANJUG Domestic Service in Serbo-Croatian 1035 GMT 23 Aug 95

[FBIS Translated Text] Podgorica, 23 Aug (TANJUG)—The Assembly of Montenegro today began an extraordinary session at which it is considering draft conclusions on a peaceful way of resolving the crisis in the former Yugoslavia. This is the only item on the agenda, and it was formulated by the parliamentary opposition, at whose request the session is taking place.

People's Party Deputy Dragan Soc made a short explanation of the draft conclusions on behalf of all of the opposition parties. He said that the Yugoslav crisis is reaching a culmination with the military showdown between Croatia and the Republic of Serb Krajina. This situation, Soc said, will result either in quick peace or an escalation of the war, which threatens not only the entire Balkans but also Europe.

He stressed that the draft conclusions drawn up by the opposition are "a list of civilized efforts" and suggested that the Montenegrin parliament strongly condemn all violations of international human rights, particularly the practice of ethnic cleansing. The draft conclusions state that the crisis can be resolved only by political, nonviolent means.

Soc expressed the opposition's dissatisfaction with the fact that Montenegrin President Momir Bulatovic spoke about the current political situation, the topic of today's Assembly session, in an interview on the republic's television last night and not, as expected, at today's parliamentary session.

Kosovo

Decision To Settle Refugees in Province Explained

AU2308115695 Belgrade POLITIKA EKSPRES in Serbo-Croatian 18 Aug 95 p 5

[Article by B. Simonovic: "False News"]

[FBIS Translated Excerpt] Pristina—Two days ago late in the afternoon a group of 20 foreign reporters arrived in Kosmet [Kosovo and Metohija]. They were interested in the fate of the refugees from the Republic of Serbian Krajina, who are at the moment being looked after in this southern Serbian province. Milos Nesovic, chief of the province headquarters for the accommodation of refugees and deputy governor of the Kosovo region, answered their questions, and then the group of reporters visited the refugee camps in Gnjilane and Kosovsko Pomoravlje.

"Since the beginning of this latest brutal aggression by Croatia against the Republic of Serbian Krajina, which has caused an unprecedented exodus of Serbs, only 1,536—1 percent—of the people seeking refuge in the FRY have been accommodated in Kosmet. The same happened with the first refugee wave. Out of the 600,000 refugees in the FRY, only several hundred have come to Kosovo and Metohija," Nesovic said.

Asked by the reporters how many refugees would be permanently settled in Kosmet, Nesovic said:

"As far as we are concerned, the Republic of Serbian Krajina still exists, even though a part of it has been occupied, and we believe that the international community will do its utmost to solve the problems and exert pressure on the Republic of Croatia to enable all those who want to return to do so. However, we will enable all those who want to settle in Kosmet permanently to do so because there is plenty of state-owned land here for all who want to work on it either temporarily or permanently. The state is giving guarantees that there will be no transgressions against anybody's private property, and this goes for the Albanians as well as all of the other ethnic groups."

Asked by a reporter of Macedonian radio whether the fact that only 1 percent of the overall number of refugees has been settled in Kosmet means that the state has given in to the Albanian minority, Nesovic said:

"We are not going to force anyone to settle here. Let them come here first and see what we have to offer, and then they can decide whether they want to stay. The opposition has influenced many against coming to Kosmet, but there is also the fact that the Republic of Serbia has the best conditions in Kosmet for the accommodation of refugees, including empty housing capacities and state-owned arable land that can be given to them for use immediately." [sentence as published]

Asked a question, which was not supported by facts, about whether it was true that there had been cases of refugees breaking into Albanian homes and causing incidents, he said that there had not been and would not be any such cases. [passage omitted]

Land Reportedly Distributed to Krajina Refugees

LD2208153495 Belgrade SRNA in Serbo-Croatian 1341 GMT 22 Aug 95

[FBIS Translated Excerpt] Pristina, 22 August (SRNA)—According to data of the Kosovo Red Cross, 3,623 refugees from the Republic of Serb Krajina [RSK] arrived in Kosmet [Kosovo-Metohija] by 0800 today.

Most Serb refugees, 946, are housed in the Kosovo district, 895 in the Pec district, 520 in the Prizren district, 875 in the Mitrovica district, and 387 in the Gnjilane district.

Good-quality temporary accommodation has been provided for all Serb refugees. Possibilities for a permanent solution to this problem are being examined.

Four buildings for the accommodation of 100 families from the RSK have been secured in the Srb municipality in Kosmet.

Each household will be given good-quality accommodation and 3 hectares of high-quality arable land. [passage omitted]

Serbian Media 'Manipulating' Refugee Figures

AU2208154995 Pristina KOSOVA DAILY REPORT in English 21 Aug 95

[FBIS Transcribed Text] Although the Serbian-installed administration in almost all the municipalities of Kosova have been speaking of vast preparations having been carried to accommodate Serb refugees from Krajina, they have not yet publicized any data as to the exact number of Serbs already stationed in Kosova. Serbian mass media have been manipulating with the figures, sometimes making mention of 2 to 3,000 Serbs only.

However, according to the reports coming from the all towns of Kosova one can easily assert that the figures might be much larger than that, for Serbs have been settled on a daily basis. In Prishtina, for instance, according to Serb mass media, as many as 500 Serbs have been provided with accommodation. It is indicative however, that so far not a single Serb refugee was stationed in the villages around Prishtina where Serbs make up the majority of population or in ethnically pure

Serb villages. It is in those villages where there are many houses without residents. The Serbian press has been also reporting that 30 to 50 Serb refugees have been reaching Prishtina every day, without reporting though as to where they are being accommodated.

The Serbian-installed authorities in Gjakova [Djakovica] have confirmed that they have ensured accommodation for at least 2,000 Serbs. There were reports indicating that Serb settlers were stationed in Gjakova but no one has ever spoken of the exact figures. The Serbian mass media have been now and then reporting of accidents where Serbs refuse to be sent to Kosova. The Belgrade-based NASA BORBA reported of such an incident in Kragujevac (Serbia) where out of a large group of Serb refugees only 19 of them were persuaded to go to Kosova, although they were asked and threatened for a long time.

Vojvodina

Objections to Resettlement of Krajina Serb Refugees

LD2208183095 Budapest Kossuth Radio Network in Hungarian 1600 GMT 22 Aug 95

[FBIS Translated Text] The European Union human rights commissioner of the European Union has promised representatives of the Hungarians and Croats of Vajdasag [Vojvodina] to make the minorities' stance about the resettlement of Serbs in Vojvodina known at the European forums.

Ferenc Csubela, chairman of the Association of Vojvodina Hungarians, said that they had called to Emma Bonino's attention the fact that the national character of the ethnically mixed Vojvodina would change drastically with the resettlement of some 100,000 [Serb] refugees there. The leaders of the Croats and Hungarians there have also said that, compared to Serbia, the density of population in Vojvodina is far greater and the rate of unemployment a lot higher.

The Hungarian Government earlier protested against the mass resettlement of Serb refugees from Krajina in Vojvodina.

96,000 Krajina Refugees Now in Vojvodina

LD2208215095 Belgrade TANJUG Domestic Service in Serbo-Croatian 1902 GMT 22 Aug 95

[FBIS Translated Text] Novi Sad, 22 Aug (TANJUG)—According to the latest reports from the Vojvodina Red Cross, just over 96,920 refugees from the republic of Serb Krajina had found shelter in the province by this evening. Some 83,000 people have found shelter with families, while some 14,000 refugees have found temporary shelter in reception centers.

Non-Serb Refugees Report on 'Expulsion'

AU2208150595 Bratislava NARODNA OBRODA in Slovak 19 Aug 95 pp 1, 6

[Report by "special correspondents" Blazej Panik and Peter Fridner: "The Expulsion of Non-Serbs from Vojvodina Is Sometimes Subtle in Form"]

[FBIS Translated Text] Donji Miholjac—The air on the premises of the elementary school of Donji Miholjac, a small town at the Croat-Hungarian border, is thick. Last week, the school's classrooms were hastily converted into a makeshift detention center [zachytne stredisko] for refugees from nearby Serb Vojvodina. Another witness to the Balkan tragedy has been added to the dozens of refugee camps on the territory of former Yugoslavia.

The refugees include many old people and children. They did not have time to take with them anything but some basic toiletries and a few extra pieces of clothing. Many of those who had German marks were "relieved" of even this "burden" by Serb customs officers, on the grounds that foreign currency must not be taken out of the country.

"They came Tuesday night and gave me just seven minutes to pack my stuff," Matchej Zidnak, 75, from Gibarac in Vojvodina, a descendant of Ruthenian immigrants, told the NARODNA OBRODA correspondents.

"I do not know who the people were except that they were Serbs.... I also do not know what will become of me and my house."

Virtually all of the refugees on the list we saw and with whom we spoke were of Croat nationality. Serbs who had come from the so-called Krajina are solving their housing problem in this way, but, no doubt, they are also taking revenge for the recent operation "Storm," during which the Croatian Army conquered what had until then been Serb-controlled territory.

According to Eduard Srajer, headmaster of the Donji Miholjac school, 425 refugees had crossed the local border crossing from Vojvodina, which, in addition to Croats, has strong Slovak and Hungarian minorities, by the morning of 17 August. The young headmaster, who is coordinating emergency aid along with the Croat Caritas, a Catholic charity organization, and the local authorities did not have any information about the total number of people whom the Serbs had forced to leave Vojvodina in the past couple of days. During our visit to the school, there were no ethnic Slovaks among the refugees. Mr. Srajer told us, however, that they do not maintain a record of the refugees' nationality. He was also unable to confirm the presence of Vojvodina

Hungarians among them and supposes that they had remained on Hungarian territory.

The Hungarian-Croat border crossing at Donji Miholjac features in this refugee tragedy because the border between Serbia and Croatia is unpassable, and travel via a third country is the only way of getting here. We asked whether the Serbs were forcing refugees to sign statements that they are giving up their property. As we were told, this resettlement operation often takes the subtle form of an "exchange" of a house in Vojvodina for a house abandoned by its Serb owner in Croatia. In many cases, the new Croatian owner is dismayed to learn that, instead of the promised substitute roof over his head, he had obtained a ruin or scorched bare walls.

Many refugees confirmed to us that a submachine gun or a knife often serve as arguments for abandoning one's home. In present-day Balkans, however, this is by no means a Serb specialty....

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